

1908

# Decisions upon questions raised under classifications prescribed by the Interstate Commerce Commission in accordance with section 20 of the act to regulate commerce

United States. Interstate Commerce Commission

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Accounting Bulletin No. 1

DECISIONS UPON QUESTIONS

RAISED UNDER

CLASSIFICATIONS

PRESCRIBED BY

THE INTERSTATE COMMERCE  
COMMISSION

IN ACCORDANCE WITH

SECTION 20 OF THE ACT TO REGULATE COMMERCE

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*Effective on July 1, 1908*

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WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1908

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## THE INTERSTATE COMMERCE COMMISSION.

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EDWARD A. MOSELEY, *Secretary.*

## INTRODUCTORY LETTER.

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INTERSTATE COMMERCE COMMISSION,  
DIVISION OF STATISTICS AND ACCOUNTS,  
*Washington, June 16, 1908.*

### TO CARRIERS CONCERNED:

This bulletin, entitled "Accounting Bulletin No. 1," contains the final answers to a series of questions submitted to the Division of Statistics and Accounts since the promulgation of the accounting orders under date of June 3, 1907. The cases selected are those which are regarded as important for the reason that they make clear the meaning or application of the text descriptive of the primary accounts covered by the Classification of Operating Expenses, the Classification of Operating Revenues, and the Classification of Expenditures for Road and Equipment. For convenient reference, the case numbers of Accounting Series Circulars Nos. 12 and 12a are preserved in this bulletin, and wherever, for any reason, a Case is omitted, a statement explanatory of the omission is inserted.

As a matter of information it may be proper to state that most of the answers to questions recorded in this bulletin have received the approval of the Association of American Railway Accounting Officers, minor changes having been made only where a modification of the language seemed desirable. This bulletin, taken in connection with Accounting Series Circular No. 12b, will comprise a complete file of important cases answered by this office previously to May 1, 1908.

HENRY C. ADAMS,  
*In charge of Statistics and Accounts.*

# INTERSTATE COMMERCE COMMISSION ACCOUNTING BULLETIN NO. 1.

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## QUESTIONS AND DECISIONS.

### CASE 1.

*Query.* How shall debits and credits not provided for in Classifications of Operating Expenses and Revenues, such as Outside Operations and Additions and Betterments, be disposed of prior to receipt of formal order of Commission?

*Answer.* All accounting matters must be disposed of in conformity with the principles embodied in the orders of the Interstate Commerce Commission. Subject to this limitation, where not covered by such orders, they may be disposed of according to the judgment of the carrier.

### CASE 2.

*Query.* When a carrier assumes proportion of switching charges collectible from another carrier, should such proportion be charged to freight revenue as "Switching Absorbed" and credited to freight revenue when collected?

*Answer.* This is a matter of bookkeeping, in which each carrier is for the present permitted to use its own discretion so long as the integrity of the prescribed accounts is maintained. (*See Case 21½.*)

### CASE 3.

*Query.* Is it essential that books be written up monthly by a road which has been heretofore in the habit of writing books up once in six months

*Answer.* Accounts should be written up monthly.

### CASE 4.

*Query.* Is it permissible after July 1, 1907, to carry over balances in reserve funds? Such balances may consist of esti-

mated amounts of overcharges, switching, loss, damage, and personal injury claims.

*Answer.* Such balances in reserve accounts may be carried over. There is no objection to the creation and maintenance of reserves of this character, provided the charges to the various operating expenses and revenue accounts are adjusted yearly as far as practicable. Reserves should be held until liabilities are paid.

#### CASE 5.

*Query.* A judgment is rendered against a carrier, which is chargeable to operating expenses. Is it permissible to spread the amount thereof over several months, and even over more than one fiscal year?

*Answer.* Judgments and heavy or extraordinary expenses, due to fires, accidents, etc., may be spread over several months of a fiscal year, but permission must be obtained from the Interstate Commerce Commission if it is desired to extend the charges to "Operating Expenses" into the succeeding fiscal year.

#### CASE 6.

*Query.* To what account should the expense of "studies" by the Engineering Department be charged? By "studies" are meant tentative surveys, sinking test pits, etc., in connection with proposed work, prior to any authorization for the prosecution of the work. In some cases the work is ultimately not undertaken, and the expense can not therefore be charged against the job.

*Answer.* Such expense should be charged to convenient suspense or clearing accounts until such time as it can be determined where these expenditures belong, and then transferred to "Income," "Profit and Loss," "Construction," or "Operating Expenses," as may be appropriate.

#### CASE 7.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

#### CASE 8.

*Query.* To what account should be charged loss and damage on company material?

*Answer.* The cost of all company material lost or damaged in transit should be charged to "Loss and Damage—Freight" under



"Transportation Expenses;" the text under that account is amended by eliminating the words " but not " in parenthesis in the third line and changed to read as follows :

**"LOSS AND DAMAGE—FREIGHT.**

" This account includes payments for loss, damage, delays, or destruction of freight, locomotives, and cars when waybilled as freight (including all company's material), parcels or express intrusted to the company for transportation, including live stock received for shipment; and all expenses directly incident thereto; freight in transit lost overboard from lighters (less insurance and amount recovered from sale of unclaimed and damaged freight); cost of repacking and boxing damaged merchandise and other property; pay and expenses of employees and others engaged as adjusters and in detecting thieves; and services and expenses of employees or others while engaged as witnesses in lawsuits in connection with loss and damage cases."

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

**CASE 9.**

*Query.* In adjusting material accounts to basis of inventory, what account or accounts should be credited or debited?

*Answer.* The differences in inventory debit or credit should be considered as having accrued in operating material, and should be debited or credited to the proper operating expense accounts on the basis of issuance of material to these accounts during the period since the last inventory adjustment, provided that where an overage or shortage on any particular class of material, such as ties, rails, fuel, etc., can be definitely determined, an adjustment should be made in the accounts affected thereby.

**CASE 10.**

*Query.* How shall taxes on joint facilities be treated?

*Answer.* Taxes paid upon property used jointly should be charged by the owner to taxes, and the proportion paid by the user should be charged by him to the appropriate rent account under "Income" account together with the rent, and not to taxes, a corresponding credit to rents received under "Income" account being made by the owner.



## CASE 11.

*Query.* Shall rent of tracks based on percentage of valuation be charged to income under head of rents?

*Answer.* Yes.

## CASE 12.

*Query.* To what account should be charged a rent of property based on interest valuation?

*Answer.* To an appropriate rent account under "Income" account.

## CASE 13.

*Query.* We are renting a piece of ground belonging to another carrier, and upon this ground we have built tracks for our own exclusive use. To what accounts should be charged amount paid for the rent of the ground, and to what account should the carrier owning the ground credit the amount received from us?

*Answer.* Debits and credits should go respectively to appropriate rent accounts under "Income" account.

## CASE 14.

*Query.* The A railroad company has a contract whereby about 4 miles of its track is used by another company without any expense of any kind to A. Kindly advise to what revenue account the rent should be credited?

*Answer.* To an appropriate rent account under "Income" account.

## CASE 15.

*Query.* Road A is the lessor of certain track over which it does not operate its own trains. This track is used jointly by road B and road C, which pay a fixed rent, taxes, and maintenance, taxes and maintenance being apportioned between them on the basis of engine and car mileage. Should the taxes paid and collected by road A be credited to taxes or debited to taxes and credited same as rent to income? To what account should this item be charged by the lessee companies?

*Answer.* Taxes paid by lessor should be charged to taxes, and when collected by the lessor should be credited to an appropriate rent account under "Income" account. Rent paid in respect to such taxes should be charged by lessee to an appropriate rent account under "Income" account.

## CASE 16.

*Query.* To what account shall be credited rents from property not used in the operation of the railroad? To what account shall be charged cost of repairs, insurance, taxes, and other expenses in connection with such property?

*Answer.* Rents received from rent of buildings and other property not included in the operation of a road should be credited to an appropriate rent account under "Income" account, and insurance, repairs, and other expenses incident to the care of the property should be charged to the same account. Taxes should be charged to "Taxes" account.

## CASE 17.

*Query.* To what account should be charged rent of bridges?

*Answer.* Rents not including maintenance and operation should be charged to an appropriate rent account under "Income." Rents covering operation or maintenance or both should be divided by agreement of the parties into two parts, one of which shall be sufficient to cover cost of operation or maintenance or both, as the case may be, and should be charged to the appropriate "Joint-facilities" accounts in "Operating Expenses," and the remaining portion should be charged to an appropriate rent account under "Income" account.

## CASE 18.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 19.

*Query.* To what account should be charged discount on bonds issued for construction of new lines and for additions and improvements?

*Answer.* Discount on bond issues may be charged to an account which may be designated "Discount on Obligations Issued."

NOTE.—This answer may be modified in form when the rules for a standard balance sheet are issued. See case 101.

## CASE 20.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 21.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 22.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 23.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 24.

*Query.* A carrier operates from A to B by rail and from B to C by water, making an arbitrary division of the revenues received between the rail and water lines. Does the proportion allowed water line from B to C constitute what is meant by "allowance" in Introductory Letter in Classification for Outside Operations?

*Answer.* Yes.

## CASE 25.

*Query.* This company operates its parlor cars in the same trains with other passenger cars, and the expenses for such cars for general supervision, heating, lighting, cleaning, taxes, etc., can not be accurately ascertained and must be arbitrarily apportioned if they are to be treated in "Outside Operations." Therefore as parlor cars are operated by us in direct connection with the transportation business, are we permitted to charge the expenses on account of these cars to appropriate accounts under "Operating Expenses" and credit the receipts from such car fares to Account No. 4, "Parlor and Chair Car Revenue," under "Operating Revenues"?

*Answer.* Receipts from parlor cars where expenses are not sufficient to impair the statistics of rail operation may be credited to Revenue Account No. 4, "Parlor and Chair Car Revenue," and the expenses charged to appropriate operating expense accounts.

## CASE 26.

*Query.* This company operates its stock yards in connection with its transportation business, it having no stock yards but what are called upon to furnish facilities for the company itself when occa-

sion arises, as well as to furnish facilities to shippers, for which service collections are made to cover same. It will be practically impossible for us to make an accurate separation of the expenses for services rendered the company from those rendered shippers. We would ask, therefore, if we are permitted to charge all expenses on account of such stock yards to appropriate accounts under "Operating Expenses," and to credit all receipts to Account No. 19, "Miscellaneous," under "Operating Revenues?"

*Answer.* Yes, if not inconsistent with the Introductory Letter and text of the Classification of Revenues and Expenses for Outside Operations.

#### CASE 27.

*Query.* Raise the question of the proper distribution of boat demurrage, both debit and credit. A charge is made against the traffic or the owner of the boat where it is delayed beyond a certain date, and payments are made to lines owning wharf facilities where one of our boats is tied up beyond a certain period.

*Answer.* Should be treated through the appropriate Outside Operation revenue and expense accounts if incidental to conducting an outside operation.

#### CASE 28.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

#### CASE 29.

*Query.* Is it permissible to spread Insurance premiums, to be paid in any one year, over twelve months, provided adjustment is made at close of year to actual payments on this account?

*Answer.* Insurance premiums should be charged upon the basis of accruals. Where the premium covers twelve months' insurance, one-twelfth should be charged each month.

#### CASE 30.

*Query.* In the Classification of Operating Expenses, Third Revised Issue, I note under the heading "Buildings, Fixtures, and Grounds," insurance recovered, page 34, Note B, reading as follows:

"Insurance recovered on buildings, fixtures, and grounds should be credited to this account." Will you please advise me if it is intended that we shall credit "Operating Expenses—Buildings,

Fixtures, and Grounds"—with the total amount recovered from a building in the month in which payment is made by the insurance company?

I will explain that heretofore when a building was destroyed and the insurance recovered, we have credited the insurance to a temporary account, such as "Insurance Collected on Buildings Burned," subaccount "Depot at ——," for instance. When the depot was reconstructed, we charged the cost of the new depot to the last-named ledger account. In this way operating expenses were not disturbed in any way by the burning of the depot or the recovery of the insurance.

You will note that under instructions conveyed in Note B, page 34, we recover, say, \$25,000 for a depot destroyed, we would immediately—that is, in the month in which the money was received from the insurance company—credit operating expenses with the \$25,000. This will affect comparison with the previous month and with the same month of the previous year.

The above also applies to "Bridges, Trestles, and Culverts," Note C, page 29.

*Answer.* The above-stated manner of handling the accounts with respect to insurance, through a temporary account, is correct.

#### CASE 31.

*Query.* Are not Notes C, page 29, and B, page 34, of the Official Classification of Operating Expenses, Third Revised Issue, in conflict with the last clause of Note A on page 40, under Insurance, which provides that to Insurance shall "be credited all amounts recovered from insurance companies for damage to property reinsured by them?"

*Answer.* There is no conflict. The last-mentioned provision is restricted to the case of reinsurance, i. e., where a carrier acts as its own insurer and by suitable charges to operating expenses raises an insurance fund. In such case, if it is later deemed advisable to divide the risk in respect of any particular portion of the property, such property is reinsured with another insurer, the premium paid for such reinsurance is charged to the insurance fund, and the amount recovered in case of casualty is credited to such fund.

#### CASE 32.

*Query.* With reference to the note in the Third Revised Classification of Operating Expenses under each of the accounts, "Ties,"

"Rails," "Bridges," etc., is it intended that the several accounts shall include in any one fiscal year only the actual expenditures (of the character contemplated) made during the particular fiscal year, or is it contemplated that, if a company desires, it may authorize or approximate any sum that they may see fit, charging the amount so authorized or approximated to the accounts concerned without regard to the actual expenditures during any month or fiscal year?

*Answer.* Reserve accounts of this character may be raised by monthly charges to operating-expense accounts of sums estimated to be necessary for maintenance, but such charges should be adjusted annually to actual expenditures.

#### CASE 33.

*Query.* To what account should be credited old material released when equipment is condemned or destroyed?

*Answer.* Should be credited to the respective "Replacement" accounts.

#### CASE 34.

*Query.* To what account should be charged pay and expenses of employees allowed while attending inquests held by coroners?

*Answer.* To the appropriate "Injuries to Persons" account or accounts.

#### CASE 35.

*Query.* To what account should be charged rent of office for use of Claims Department in charge of injuries to persons and property other than freight and baggage?

*Answer.* Rents in such case should be considered as office expenses except when otherwise provided for.

#### CASE 36.

*Query.* In the case of a road owning one locomotive, the cost of which was charged to "Operating Expenses," should depreciation be computed and charged to operating expenses?

*Answer.* Yes; because otherwise current operating expenses would not be truly stated.

## CASE 37.

*Query.* To what account should be charged the salary of fire chiefs?

*Answer.* To "Superintendence," under "Maintenance of Way and Structures."

*Attention is called to Note B under that account.*

## CASE 38.

*Query.* To what account should be charged damages for overflows caused or alleged to be caused by inadequate waterways either in original construction or subsequent closing of waterways?

*Answer.* Appropriate "Maintenance of Way and Structures" accounts when for the carrier's own property, and "Damage to Property" when for property of others.

## CASE 39.

*Query.* Should the cost of installing and operating interlocking or other signal apparatus at gravel pits be charged against the convenience account provided under the "Ballast" account?

*Answer.* Charge to "Ballast" clearing account.

## CASE 40.

*Query.* Is it required that the regular charge to depreciation and credit to renewals shall be made on the roadbed?

*Answer.* No; not under present classification. Depreciation accounts for way and structures may, however, be kept as subaccounts if desired. In such case the names and descriptions of the subaccounts must be filed with the Interstate Commerce Commission. (*See Case 106.*)

## CASE 41.

*Query.* To what account should be charged cost of cleaning car-cleaning yards (an expense resulting from the cleaning of cars)—to "Roadway and Track" or to "Train Supplies and Expenses?"

*Answer.* "Roadway and Track," under "Maintenance of Way and Structures."

## CASE 42.

*Query.* To what account should be charged the expense of bonding rails in connection with signals and interlocking systems?



*Answer.* When chargeable to operating expenses, should be charged to account "Signals and Interlocking Plants," under "Maintenance of Way and Structures."

## CASE 43.

*Query.* In reference to revenue and expense of commercial telegraph lines, please advise if we should include under that heading revenue and expenses from commercial telephone lines?

*Answer.* Revenue and expenses of commercial telephone lines should be treated the same as the revenue and expenses of commercial telegraph lines.

*See Supplement effective on July 1, 1908, to the Classification of Operating Expenses for Steam Roads, Third Revised Issue. See also Supplement effective on July 1, 1908, to the Classification of Operating Revenues for Steam Roads, First Issue; and also Classification of Revenues and Expenses for Outside Operations for Steam Roads, First Issue, effective on July 1, 1908.*

## CASE 44.

*Query.* Third Revised Issue of the Classification of Operating Expenses, page 33, "Other Expenses" (subdivision of "Buildings, Fixtures, and Grounds"), reads:

"Cost of material used (less salvage) in repairing and renewing transfer tables," etc.

Should not the words "and labor expended" be inserted immediately preceding the word "in"?

*Answer.* The labor should follow the material, therefore the rule should be construed as suggested in the question.

## CASE 45.

(Canceled. Refers to Equipment Borrowed and Loaned.)

## CASE 46.

*Query.* Should not the word "operation" in the phrase "operation of joint facilities" in the notes on pages 40 and 58 of the accounts covering maintenance of joint tracks, equipment, etc., read "maintenance," and shall we so construe it?

*Answer.* The word "operation" is used in its broad sense, and should be construed to embrace maintenance or any other element of operating expense covered by such bills for joint operation.

## CASE 47.

*Query.* It is observed that no provision is made in text for account "Freight-Train Cars—Repairs" for repairs to work cars used in commercial service. This company owns a large number of cars which it classifies as "ballast" cars, and which we constructed with the purpose of using in either work or commercial service. A large part of the time these cars are used in commercial service. Should not this class of equipment be treated as traffic cars?

*Answer.* If for a majority of the time the cars are used in commercial service they should be classified as commercial cars, regardless of the nature of the cars themselves.

## CASE 48.

*Query.* Should charges to operating expenses be made for depreciation on equipment under a car trust which has not been fully paid for and to which title has not been acquired?

*Answer.* When equipment is bought under a trust agreement which provides that title to the equipment shall pass to the carrier after a certain number of payments have been made, depreciation charges should be set up on all such equipment as soon as it enters the service of the carrier.

## CASE 49.

*Query.* As cars and locomotives will be broken up or set aside on different days of the month, and as new purchases will be made on various days within the month, it is going to be practically impossible to keep any accurate account of "Depreciation" according to days or fractions of a month. I would therefore ask what rule will be followed in making the monthly entries for "Depreciation" in case of equipment retired or purchased on various days within that particular month?

*Answer.* A full month's depreciation charge should be set up on all equipment in service on the first day of the month. Equipment coming into service after the first day of the month may be ignored in the depreciation charges for that month.

## CASE 50.

(Canceled. Refers to Equipment Borrowed and Loaned.)

## CASE 51.

(Canceled. Refers to Hire of Equipment.)

## CASE 52.

*Query.* Is it correct for a switching road, whose cars seldom leave its own line, to charge to account "Hire of Equipment" the amount paid to other companies for the use of their equipment?

*Answer.* Yes.

## CASE 53.

*Query.* To what account should we credit a bill made for engines and cars loaned at a daily rate to a contractor on construction work?

*Answer.* Should be credited to account "Hire of Equipment."

## CASE 54.

*Query.* What is meant by the item near the top of page 43, "Special service, such as bringing locomotives to shops or watching them while on the way to shops for repairs" included in account "Steam Locomotives—Repairs?" Does this "special service" cover only the service of extra employees engaged in this connection, or does it include the pay of the engineer and fireman as well as additional employees engaged in the said "special service?"

*Answer.* By "special service" is meant the pay of engineers, firemen, and other employees bringing locomotives in need of repairs to shops or watching them pending their removal to or from shops. The pay of engineers and firemen on locomotives disabled in road service when able to complete the run to the terminal should be charged to "Road Enginemmen." Consideration should be given in this connection to the account "Clearing Wrecks."

## CASE 55.

*Query.* Classification of Operating Expenses, Third Revised Issue, page 47, under accounts: "Passenger-Train Cars—Renewals" and "Passenger-Train Cars—Depreciation," excludes parlor and sleeping cars, the operations of which are treated as "Outside Operations." To what account shall be charged renewals and

depreciation of parlor and sleeping cars, the operation of which is treated in Outside Operations?

*Answer.* The two accounts "Passenger-Train Cars—Renewals" and "Passenger-Train Cars—Depreciation" should be interpreted to correspond to the account "Passenger-Train Cars—Repairs," which excludes the general or shop repairs of parlor and sleeping cars whose operations are treated as Outside Operations.

*See Supplement effective on July 1, 1908, to the Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 56.

*Query.* At various junctions on our car lines, a system of joint car inspection is in force, our line paying the total expenses and rendering bills against other lines interested. Should this expense be charged to "Freight-Train Cars—Repairs" by line carrying men on its rolls and same account credited for bills rendered?

*Answer.* Yes.

#### CASE 57.

*Query.* Do the two accounts following "Electric Equipment of Cars—Repairs," on page 49, refer to electrically propelled cars?

*Answer.* They do.

#### CASE 58.

*Query.* (a) Does the account "Power Plant Equipment" apply only to power plants for generating power for propulsion of locomotives, trains, and cars, or does it include the electric equipment in an electric power plant used for other purposes? (b) If intended to cover only power plants for propulsion of locomotives, trains, and cars, to what account should be charged electric machinery, with appliances, in a separate power plant used for operating machinery in shops, when used for shop purposes only?

*Answer.* (a) Applies only to power plants for generating power for propulsion of locomotives, trains, and cars.

(b) When chargeable to operating expenses should be charged to "Shop Machinery and Tools."

#### CASE 59.

*Query.* (a) Referring to accounts, "Power Plant Equipment" and "Operating Power Plants," in the Classification of Operating

Expenses, does "Power Plant Equipment" under "Maintenance of Equipment" cover the maintenance of power plants at shops generating electricity for running equipment, or is the account intended to cover the cost of maintaining power plant used to furnish electricity to electric railways only? (b) If the latter, should the cost of operating power plant in furnishing electricity for operating machinery be charged to account "Shop Machinery and Tools?"

*Answer.* (a) It is restricted to power plant furnishing current for propulsion of locomotives, trains, and cars.

(b) The cost of operating power plant furnishing current for operating shop machinery should be charged to the clearing account "Shop Expenses."

#### CASE 60.

*Query.* Should the cost of power at shops be charged to clearing account "Shop Expenses?"

*Answer.* Yes; the cost of power for all shop purposes should be charged to this account.

#### CASE 61.

*Query.* The text for clearing account "Store Expenses" provides that the account should be closed out at the end of the year. Should not a balance be carried over to next year representing cost of handling material in stock at end of year?

*Answer.* No.

#### CASE 62.

*Query.* To what account should be charged the salaries of chief special agents and their assistants who have police powers and have charge of yard watchmen, of employees investigating robberies and other depredations, and the preparation of evidence to be used in court cases where arrests have been made by the company?

*Answer.* To "Superintendence," under "Transportation Expenses."

*Attention is called to Note under this account.*

#### CASE 63.

*Query.* To what account should be charged the pay of telegraph operators located at towers whose duties are to receive orders

from dispatchers, in connection with train movement, and deliver them to the engineer and conductor?

*Answer.* To "Dispatching Trains."

#### CASE 64.

*Query.* At certain stations no regular agent is maintained, but local storekeeper or postmaster acts in that capacity, being paid commission based on tickets sold and local freight charges on shipments to and from respective stations. To what accounts are such compensations chargeable?

*Answer.* To "Station Employees."

#### CASE 65.

*Query.* To what account should be charged the payments to warehouse companies or contractors for loading or unloading freight under contract or otherwise?

*Answer.* To "Station Employees," if not in connection with "Outside Operations."

#### CASE 66.

*Query.* We note in Classification of Operating Expenses, effective July 1, 1907, page 64, "Station Employees," "Labor at Stations" includes employees at coal-dock terminals. Page 65, "Coal and Ore Docks," includes pay of employees at coal and ore docks. Is there not an apparent conflict and should there not be some explanation?

*Answer.* This matter is covered by note at top of page 65 of the Official Classification of Operating Expenses.

#### CASE 67.

*Query.* In reference to stock yards and the Classification of Operating Expenses: "Station Employees" includes "loading, unloading, feeding, and watering stock, labor at stock yards (other than repairs)." The account "Station Supplies and Expenses" includes "feed and water for stock when carrier is responsible." The account "Stock Yards and Grain Elevators" includes "pay of employees and cost of supplies and all other expenses incurred in operating stock yards or grain elevators which are not operated as "Outside Operations." Kindly advise us what class of expenses in connection with stock yards we should charge to

"Station Employees" and "Station Supplies and Expenses" and what to "Stock Yards and Grain Elevators."

*Answer.* The words "stock yards" under "Station Employees" refer to stock pens. "Stock Yards and Grain Elevators" under "Transportation Expenses" is eliminated from Official Classification of Operating Expenses, as the expenses enumerated thereunder when not chargeable to "Outside Operations" are provided for under "Station Employees" and "Station Supplies and Expenses."

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 68.

*Query.* To what account should be charged the cost of supplies used in switch lamps at points where no regular switching service is maintained?

*Answer.* To account "Station Supplies and Expenses."

#### CASE 69.

*Query.* To what account should be charged expenses of engines and crews engaged in assembling loads from mines to points of concentration and distributing empties to mines?

*Answer.* If freight is billed from the point of concentration, the expense of handling the cars between the mines and this concentrating point should be charged to the appropriate yard service accounts. If, however, the freight is billed from the mines, then the entire service should be classed as road service.

#### CASE 70.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

#### CASE 71.

*Query.* I have in mind an instance where the train leaves C in the morning, makes a trip to D, 30 miles distant, and switches at that point about eight hours, then brings the train back to C. How should the service of such a train crew be divided?

*Answer.* Expenses to be divided on basis of service performed.

#### CASE 72.

*Query.* We also have, as does practically every other railroad company, way freight and pick-up trains, where a crew will be



allowed practically twice as much pay as the ordinary road crew and the service will be about twice as expensive, owing to the switching performed at various points on the line. Is it proper to charge the extra expenses to "Road" service?

*Answer.* Yes.

#### CASE 73.

*Query.* To what accounts should be charged the wages of motormen operating a gasoline motor car intended to be used for passenger service between two stations where it is not practicable to have daily train service; also to what account should be charged supplies furnished this car?

*Answer.* Wages of employees engaged in running revenue-service locomotives or motor cars other than electric should be charged to "Road Enginemen."

Cost of fuel and other supplies furnished to the motor cars in revenue service should be charged the same as cost of fuel and other supplies for road locomotives; the repairs to the locomotive feature of such cars should be charged to "Steam Locomotives—Repairs," and the repairs to the car feature should be charged to "Passenger-Train Cars—Repairs."

#### CASE 74.

*Query.* A railway company is furnished by a connecting line with a tank of water and has its locomotive turned. The connecting line makes a charge for the water of 50 cents, turning of locomotive 50 cents, and temporary use of track \$1. Should this expense be charged to "Train Supplies and Expenses?" If not, how shall it be distributed?

*Answer.* Water should be charged to "Water for Road Locomotives," turning of locomotive to "Enginehouse Expenses—Road," and temporary use of track to "Train Supplies and Expenses." Amount received for water should be credited to "Water for Road Locomotives," amount received for turning locomotive credited to "Enginehouse Expenses—Road," and amount received for temporary use of track to Revenue Account No. 19, "Miscellaneous."

#### CASE 75.

*Query.* To what account should be charged fuel for sand driers?

*Answer.* To account "Other Supplies for Road Locomotives," in accordance with Note B under that account.

## CASE 76.

*Query.* To what account should be charged the cost of labor and material expended in lubricating switches and signals?

*Answer.* Should be charged to "Interlockers and Block and Other Signals—Operation," except at terminals, when the labor should be charged to "Yard Switch and Signal Tenders," and the material to "Yard Supplies and Expenses."

*See Supplement effective on July 1, 1908, to the Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

## CASE 77.

*Query.* To what account should penalties imposed for failure to furnish cars under reciprocal demurrage laws be charged?

*Answer.* To "Other Expenses" under "Transportation Expenses."

## CASE 78.

*Query.* To what account should be charged payments for damages for ejectment of passengers from train?

*Answer.* To "Injuries to Persons" under "Transportation Expenses."

## CASE 79.

*Query.* To what account should be charged payment for damages because of failure of passenger train to stop at station to pick up passenger?

*Answer.* To "Other Expenses" under "Transportation Expenses."

## CASE 80.

*Query.* To what account should be charged amounts paid for switching passenger equipment?

*Answer.* To appropriate revenue accounts when in revenue service.

## CASE 81.

*Query.* To what account should be charged switching charges paid other carriers for moving empty equipment, as follows:

1. When delivered to a connecting carrier to be placed for loading, for which a charge is exacted in addition to that made for returning the car loaded.

2. When delivered to a connecting carrier to be placed for unloading; and when the empty is returned, a charge is made therefor in addition to that made for the movement of the load.

3. When equipment, under load, has been switched to a designated point by a connecting carrier for a consideration and the car has been loaded, it is then ordered switched to another industry in the yards of the switching carrier to be loaded for a point on the line of the carrier who made delivery to the switching carrier in the first instance, a charge being made for the movement of the empty, in addition to that made for delivering the car when loaded to the carrier for whom it was received in the first instance.

4. When a carrier, instead of maintaining facilities for performing the switching service, for which it makes no specific charge, hires some one else to do it in lieu of doing the work itself.

*Answer.* To Revenue Account No. 1, "Freight Revenue."

#### CASE 82.

*Query.* Are salaries and expenses of president and his clerks and assistants chargeable to "General Expenses," or distributed to "Maintenance of Way and Structures," "Maintenance of Equipment," "Transportation Expenses," "Traffic Expenses," and "General Expenses?"

*Answer.* If the president is also directly in charge of the departments usually supervised by officials named in the accounts "Superintendence" under "Maintenance of Way and Structures," "Maintenance of Equipment," "Traffic Expenses," and "Transportation Expenses," his salary and expenses and those of his clerks and assistants should be apportioned as set forth in Note B under the account "Salaries and Expenses of General Officers" under "General Expenses." If the president has, as is usual, only general supervision over the various departments, his salary and expenses should be charged to the account "Salaries and Expenses of General Officers."

#### CASE 83.

*Query.* How should the revenue derived from the transportation of milk waybilled be classified when handled—

(a) In solid trains which have first-class rights same as passenger trains?

(b) In trains which have accommodations for passengers?

*Answer.* Carriers will be permitted to keep the revenue from milk in their earnings under Account No. 1, "Freight Revenue,"

and Account No. 7, "Milk Revenue (on passenger trains)," provided they treat train statistics in the same class as they do these earnings.

#### CASE 84.

*Query.* Proceeds from sale of local mileage tickets are creditable to Operating Revenues when sales are made. How shall such proceeds be apportioned among States, especially to States in which taxes are assessed on gross earnings?

*Answer.* Local mileage may be credited to Account No. 2, "Passenger Revenue," as used.

#### CASE 85.

*Query.* When a train is chartered for a guaranteed lump sum and tickets are sold to protect the guarantor against the use of the train by unauthorized passengers, should the entire amount of the guaranty, including the proceeds of the sale of individual tickets, be credited to Account No. 10, "Special Service Train Revenue?"

*Answer.* The amount received from the sale of tickets should be credited to Account No. 2, "Passenger Revenue;" the amount, if any, paid by the guarantor under the guaranty should be credited to Account No. 8, "Other Passenger-Train Revenue."

#### CASE 86.

*Query.* To what account shall coupons found in the covers of interchangeable mileage books returned for redemption be credited?

*Answer.* Unpresented coupons covering transportation for which the company has not performed service should be credited to Account No. 8, "Other Passenger-Train Revenue." (*See Case 261.*)

#### CASE 87.

*Query.* We have an arrangement with a company operating a mine located on our line whereby they guarantee that the earnings of a certain train that we run each morning shall be equivalent to 100 tickets at 5 cents each, or \$5. If we collect over 100 tickets, that settles the matter. If we do not, we call upon them for the difference between the amount we collect and \$5. To

what account should we credit this deficit which the mine is called upon to pay from time to time?

*Answer.* To Account No. 8, "Other Passenger-Train Revenue."

#### CASE 88.

*Query.* Referring to Account No. 3, "Excess Baggage Revenue," in the Classification of Operating Revenues prescribed by the Interstate Commerce Commission, I write to inquire if it is contemplated that the revenues to be entered under this heading should be restricted to those derived from carrying baggage, packages, articles, dogs, etc., belonging to passengers, or whether it should include also revenues derived from carrying packages and other things not incident to the carrying of passengers, such as amounts paid by newspaper publishers for carrying and distributing daily papers?

*Answer.* Revenue derived from carrying, in baggage cars, packages and other things not incident to carrying passengers should be credited to Account No. 8, "Other Passenger-Train Revenue."

#### CASE 89.

*Query.* To what account should be credited amounts of unclaimed penalty collections on train and unclaimed redeemable portions of mileage tickets and credentials?

*Answer.* To Account No. 8, "Other Passenger-Train Revenue."  
(See Case 261.)

#### CASE 90.

*Query.* A mining company guarantees a certain amount of revenue on passenger trains. To what account should deficit paid by guarantors be credited?

*Answer.* The deficit collected from the guarantors should be credited to Account No. 8, "Other Passenger-Train Revenue."

#### CASE 91.

*Query.* Will switching include the amount received for a short movement between, say, two sidings within the territory under the control of one agent?

*Answer.* Yes.

#### CASE 92.

*Query.* To what account should charges for reconsigning and milling in transit be credited?

*Answer.* Where a charge for milling in transit or reconsigning is made in connection with or as a part of the through rate, such charge should be credited to Account No. 1, "Freight Revenue;" but when the charge is made separate from the through rate and can not be considered as any portion thereof, it should be credited to Account No. 11, "Miscellaneous Transportation Revenue."

## CASE 93.

*Query.* An industrial company guarantees that its monthly payments for freight shall not be less than a certain minimum. In the event of a deficit, which is collected by the railway company, to what account should collection be credited?

*Answer.* To Account No. 11, "Miscellaneous Transportation Revenue."

## CASE 94.

*Query.* To what account should charges for "Stop Off" be credited?

*Answer.* Where a charge for stop-off privilege is made in connection with or as a part of the through rate, such charge should be credited to Account No. 1, "Freight Revenue;" but when the charge is made separate from the through rate and can not be considered as any portion thereof, it should be credited to Account No. 11, "Miscellaneous Transportation Revenue."

## CASE 95.

*Query.* To what account should be credited receipts for service rendered by a commercial telephone line?

*Answer.* See answer to Case 43.

## CASE 96.

*Query.* With reference to the new Classification of Operating Expenses, I shall be obliged if you will give me your interpretation of a contract which we have recently made with a lumber and manufacturing company under which we gave that company the right to operate their logging trains over a portion of a gravel-pit track. In view of the fact that the lumber company is not a common carrier and will not report to the Commission, is it desired that the rent which covers in a lump sum the rent and maintenance should be treated under the Income account as a

rent or should a portion of the amount be credited to "Maintenance of Way and Structures" account "Maintaining Joint Track, Yards, and Other Facilities—Cr.?"

*Answer.* Such revenue should be credited to Revenue Account No. 18, "Rents of Buildings and Other Property."

#### CASE 97.

*Query.* To what account should be credited rent of space for lunch counter in passenger station?

*Answer.* To Account No. 18, "Rents of Buildings and Other Property."

#### CASE 98.

*Query.* What appropriate accounts are meant by last two words in note under Account No. 19 of Classification of Operating Revenues?

*Answer.* The words "appropriate accounts" refer to the proper "Joint-facilities" accounts in "Operating Expenses" and "Rent" accounts under "Income."

#### CASE 99.

*Query.* To what account should be credited the amount of commissions received by the carrier for collecting premiums on insurance policies, etc., from employees?

*Answer.* To Account No. 19, "Miscellaneous."

#### CASE 100.

*Query.* In Classification of Expenditures for Road and Equipment is it contemplated that Account No. 1, "Engineering," shall include the salaries of engineers specially employed to work on plans for steel bridges, docks, and wharves?

*Answer.* Yes.

#### CASE 101.

*Query.* Is it permissible to charge discount on bonds sold for construction purposes to Account No. 47, "Interest and Commissions" of the Classification of Expenditures for Road and Equipment?

*Answer.* No. See Case 19.



## CASE 102.

*Query.* Account No. 7 of the Classification of Expenditures for Road and Equipment reads in part, "and other ties and railway crossing timbers." Are not railway crossing timbers also provided for in Account No. 15, "Crossings and Signs?" To which account should such timbers be charged?

*Answer.* Account No. 15, "Crossings and Signs," does not refer to railway crossings.

## CASE 103.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 104.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 105.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 106.

*Query.* Are carriers at liberty to set up depreciation accounts for the primary accounts under the general account "Maintenance of Way and Structures?"

*Answer.* No depreciation accounts have been prescribed by the Interstate Commerce Commission except those affecting the seven classes of equipment specifically named. It is recognized, however, that other classes of railway property are subject to depreciation, and carriers are permitted to set up subprimary accounts covering depreciation, provided that in so doing their accounts conform to the provisions of the order, dated June 3, 1907, prescribing the Classification of Operating Expenses, Third Revised Issue. In such cases the names and descriptions of such subaccounts must be filed with the Interstate Commerce Commission.

## CASE 107.

*Query.* Is it the intention of the Commission that carriers may charge a certain percentage of depreciation on the original cost of equipment, regardless of where the equipment when new was

charged, and regardless of the amount written off for depreciation, or may carriers accept the present book value of equipment as the basis of the depreciation charges?

*Answer.* Depreciation should be charged on all the equipment in service on July 1, 1907, regardless of where charged when new, according to the rules laid down in paragraph 3, page 10, of the Classification of Operating Expenses, Third Revised Issue.

#### CASE 108.

*Query.* From instructions contained on pages 10, 11, and 12 of Classification of Operating Expenses in reference to the subject of depreciation on equipment, it might be interpreted that renewals and depreciations should be set up in separate replacement accounts for the several classes of equipment referred to on page 11, "(a)" to "(f)," inclusive, and that to the individual accounts should be charged, respectively, the purchase price of the several classes of equipment.

*Answer.* The instructions referred to should not be construed as precluding the use of the reserve created by depreciation charges on one class of equipment for the purchase or replacement of other classes of equipment; it is, however, desired that the books of the carrier should show at all times the amount accumulated on and the amounts expended for each class of equipment.

#### CASE 109.

*Query.* What rate per cent should be charged as depreciation on the several classes of equipment for which depreciation charges are required?

*Answer.* The Classification of Operating Expenses promulgated by the Commission does not state the specific per cent to be charged for depreciation on any class of equipment, for the reason that the conditions under which equipment is used vary so greatly that no uniform rate of depreciation for all roads could be reasonably determined. The proper rate will, of course, vary inversely with the life of the property to which it pertains, and its determination must take into consideration whatever affects the life of the property. Each reporting officer should determine the rate to be used according to such experience tables as he may be able to construct from equipment records.

## CASE 110.

(Refers to additions and betterments. *See Accounting Series Circular No. 12b.*)

## CASE 111.

*Query.* With all railroads it is quite necessary to have what perhaps might be termed an "Open Bill" account to take care of bills due from individuals and others for work performed either in the transportation or some other department rather than to credit such bills when made to different "Operating" accounts. Is it permissible to continue such an account?

*Answer.* Such an account may be continued, provided it does not infringe upon any of the prescribed accounts.

## CASE 112.

*Query.* The Official Classification calls for a "Replacement Credit" account which includes depreciaton and renewal of equipment. The X Railway Company is required under agreement with the Z Company to provide other equipment for that destroyed or sold or else pay the equivalent in cash to the Z Company to purchase equipment to replace that destroyed or sold. Is it permissible to keep a "Dismantled Equipment" account wherein to show the exact amount due the Z Company because of dismantled and sold equipment?

*Answer.* Such an account may be kept, provided it does not in any way infringe upon the accounts prescribed.

## CASE 113.

*Query.* Donations to local fire departments along the line of our road for their services in assisting at fires have been charged to "General Expenses—Other Expenses," account services rendered covering buildings, equipment, and other property. Is this proper?

*Answer.* Yes.

## CASE 114.

*Query.* Our company acquires the right to enter upon certain land and remove ballast. Should an account called "Operations of Gravel Pit at ——" be opened to cover this?

*Answer.* The amount paid for the rights should be charged to a clearing account, which may be appropriately designated as indicated.

#### CASE 115.

*Query.* At what time in the construction of a road is it required that the accounts be changed from "Classification of Expenditures for Road and Equipment" to "Classification of Operating Expenses" and "Classification of Operating Revenues?"

*Answer.* Accounting according to the Classifications of Operating Revenues and Operating Expenses should begin with respect to any particular portion of a road as soon as that portion has reached such a stage of completion that the commercial operations are the main portion of the business carried on over such portion; that is to say, so long as the commercial operations are only incidental, it is not required that they be treated through the accounts provided in the Classifications of Operating Revenues and Operating Expenses. It must be considered, however, that as soon as trains begin running regularly over any portion of the tracks, it is then appropriate to keep account of the disbursements and receipts for such portion of the road through the "Operating Expense" and "Operating Revenue" accounts. However, it should be understood that any expenditures for unfinished construction work should be charged to "Expenditures for Road and Equipment."

#### CASE 116.

*Query.* The A B Railway Company owns and maintains an interlocking plant at ————. The Y Z Railway Company uses this interlocking plant jointly with the A B Railway Company and pays interest rental on same and a proportion of maintenance and operation. Is the following method of disposing of the above charges to the Y Z Railway Company correct? Interest to "Rents Paid" under "Income" account; maintenance to "Maintaining Joint Tracks, Yards, and Other Facilities—Dr.;" operation to "Operating Joint Yards and Terminals—Dr.?"

*Answer.* Interest to "Rents Paid" under "Income Account;" maintenance to "Maintaining Joint Tracks, Yards, and Other Facilities—Dr.;" operation, according to location, to "Operating Joint Yards and Terminals—Dr.," or to "Operating Joint Tracks and Facilities—Dr."

## CASE 117.

*Query.* A number of connecting lines charge this company a proportion of cost of operating joint interlockers, and credit "Maintenance of Joint Tracks, etc.," and we make similar bills against other lines. Should the expense be charged and credited as above?

*Answer.* If these joint interlockers are located at terminals, the carrier's proportion of cost of operation, when operated by other companies, should be charged against the account "Operating Joint Yards and Terminals—Dr." If located at points other than at terminals, the proportion of cost of operation should be charged to the account "Operating Joint Tracks and Facilities—Dr.," the caption of this account being amended as above, and the text modified accordingly, by the Supplement to the Third Revised Issue of the Classification of Operating Expenses. If bills cover expense of maintenance as well as expense of operating, the proportion of expense of maintenance should be charged against the account "Maintaining Joint Tracks, Yards, and Other Facilities—Dr." The road rendering bills should credit the corresponding Joint-facilities accounts. (See Case 275.)

## CASE 118.

*Query.* Other lines have rendered bills against this company for proportion of salaries and other expenses of joint agencies, which have been credited to "Joint Tracks, Terminals," etc., and we make similar bills against other companies. Is the above classification correct, or should the same be charged and credited to "Station Employees," etc.?

*Answer.* With regard to the treatment of salaries and other expenses of joint agencies not within the definition of "Joint Facilities" contained in Accounting Series Circular No. 14, see the paragraph at the middle of page 2 of that circular. (See Case 193.)

## CASE 119.

*Query.* Where an express company pays a fixed amount annually for express privileges over a road, including facilities at stations, etc., should any part of this be applied to Account No. 18, "Rents of Buildings and Other Property?" If so, how shall we arrive at the proportion?

*Answer.* When contracts do not provide specific separate amounts for rentals of facilities at stations, the entire fixed annual compensation should be credited to Operating Revenues, Account No. 6, "Express Revenue."

## CASE 120.

*Query.* How shall payments for trackage rights be disposed of when made upon the basis of a stipulated sum per ton or per passenger, or upon the basis of a proportion of revenue accruing upon the transportation over the line covered by the trackage rights, or upon the basis of a fixed sum per year?

*Answer.* The payments should be apportioned by agreement of the parties into two parts, one of which is estimated to cover the maintenance and operation costs in respect of the traffic of the lessee, which portion shall be passed through the appropriate "Joint-facilities" accounts in Operating Expenses. The remaining portion should be charged by the lessee to appropriate rent accounts under "Income" account and credited by the lessor to appropriate rent accounts under "Income" account.

## CASE 121.

*Query.* A carrier pays another road a certain sum per annum for trackage rights at a station, the charges being based on a percentage of the value of the property, the debtor company owning no interest in said property. To what account shall the debtor road charge the bill?

*Answer.* If the debtor company bears in addition to such sum its proportion of maintenance and operating charges, the percentage of value is a case of pure rent, and the creditor company should credit this percentage to appropriate rent accounts under "Income" account, and the debtor company should charge it to appropriate rent accounts under "Income" account. Otherwise the total charge should be apportioned by agreement of the parties into two parts, one of which shall cover, and only cover, the element of operation and maintenance, this portion to be charged and credited to the appropriate "Joint-facilities" accounts in Operating Expenses. The remaining portion is a pure rent, to be passed direct to the appropriate account under "Income" account.

## CASE 122.

*Query.* Should amounts paid as license fees to cities for sidings on, along, or across streets be charged to "Taxes" or to "Rents"?

*Answer.* These fees are evidently paid to the city because the railway company occupies public property. They are thus in the nature of rents paid to a private landlord and should therefore be charged to appropriate rent accounts under "Income" account.

## CASE 123.

(Canceled. Refers to Equipment Borrowed and Loaned.)

## CASE 124.

(Duplicate of Case 53.)

## CASE 125.

*Query.* Should all payments made for hire of equipment be disposed of through the account "Hire of Equipment"?

*Answer.* Yes. If for any reason it is desired to show separately the particular equipment concerned in a special case, this may be done through a subaccount.

## CASE 126.

*Query.* Is the "Hire of Equipment" account applicable to switching roads?

*Answer.* Yes.

## CASE 127.

*Query.* To what account should rent of lands and other property not used in the operation of the road or in outside operations be credited?

*Answer.* To appropriate rent accounts under "Income" account.

## CASE 128.

*Query.* We have before us a bill against an estate for permission to cross our right of way with a sewer pipe, and another one against a telephone company for permission to cross over our tracks with a telephone line. How should these matters be considered? We reserve the right to revoke the permission at our pleasure.

*Answer.* The thing given is a mere license, and the receipt therefor may properly be credited to an appropriate account under "Income" account.

## CASE 129.

(Canceled. Refers to Equipment Borrowed and Loaned.)



## CASE 130.

*Query.* The A. & B. Railway Company renders bills against other roads for transferring cars at various points, made necessary by the fault of the road billed against, such bills including actual cost of transfer and per diem or car-hire charge accruing on the car during the time of such transfer. Would it be proper to credit items of this kind to account "Hire of Equipment"?

*Answer.* The portions of these bills covering per diem and car-hire charge accruing on the car at time of such transfer should be credited to the account "Hire of Equipment." The remainder of the bill should be treated as a "Switching Revenue." For the case where the load has to be transferred, see Case 131.

## CASE 131.

*Query.* Our company renders the bills against other roads for transferring cars at various points, made necessary by the fault of the road billed against. A portion of each bill covers per diem and car hire accruing on the car at time of transfer, and the remainder of each bill covers, first, cost of transferring the car, and, second, a switching charge of \$1 per car for each car transferred. Please advise proper disposition of this matter.

*Answer.* The portions of these bills covering per diem and car hire accruing on the car at time of transfer should be credited to the account "Hire of Equipment." The portions of the bills covering the cost of transferring the contents of cars should be credited to the expense account "Station Employees." The \$1 per car for switching such bad-order cars may be credited to revenue Account No. 9, "Switching Revenue."

## CASE 132.

(Refers to additions and betterments. *See Accounting Series Circular No. 12b.*)

## CASE 133.

*Query.* Our company grants the privilege to certain other railroad companies to transfer their trains over a portion of its tracks, for which we charge a certain rate per car. These trains are not handled by the locomotives of our company, but we maintain and repair the tracks over which the trains move. How shall we treat this revenue?

*Answer.* The amounts thus received are gross rents and should be treated in accordance with the rule indicated in Case 17.

#### CASE 134.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

#### CASE 135.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

#### CASE 136.

*Query.* We operate a number of restaurants at various points on our line for the purpose of furnishing meals to patrons of the road. Recently we leased some of these restaurants at a nominal consideration, the lessee to have all receipts and pay all expenses, except that our company is to furnish coal and ice. We treat the restaurants operated by the railway company as outside operations and it is our intention to treat these expenditures for coal and ice for the leased restaurants as outside operations. May we do so?

*Answer.* Such leased restaurants are not operations as defined in the Introductory Letter to Classification of Revenues and Expenses for Outside Operations; i. e., no service is operated at them by the carrier; and therefore the cost of coal and ice furnished the lessee should not be charged to Outside Operations, but should be charged to Operating Expenses, Account No. 66, "Station Supplies and Expenses."

#### CASE 137.

*Query.* We should like to have an illustration of what would be termed a "rail-line expense" in connection with floating equipment as provided in the text to the account "Transportation Expenses"—"Operating Floating Equipment," page 78 of the Official Classification, in order to distinguish between that account and the Outside Operations account.

*Answer.* The account "Operating Floating Equipment" under "Transportation Expenses" is designed to cover the cost of operating floating equipment operated in connection with the carrier's transportation operations, such as car ferries, in lieu of a bridge or tunnel, etc.

## CASE 138.

*Query.* I notice that sleeping cars are not listed among the cars classified as passenger-train cars in Note A under the account "Passenger-Train Cars—Repairs." Please advise if this was an omission or if it was the intention to make some other disposition of the case of repairs to sleeping cars.

*Answer.* Sleeping cars were omitted from the list of passenger-train cars because they should be treated as outside operations. All general or shop repairs to sleeping cars should be treated through Outside Operations, ordinary running repairs being charged to "Passenger-Train Cars—Repairs."

## CASE 139.

*Query.* When our right-of-way agents purchased the right of way for our line we were compelled to buy quite a number of houses in order to get the lots through which our line was expected to run. When grading was commenced these houses were removed from the right of way thus purchased. As soon as we came into possession of these houses we rented them and have always reported such earnings in the Miscellaneous Income Account in our annual report to the Interstate Commerce Commission. In the Official Classification of Operating Revenues I fail to find any provision made for such income in Accounts Nos. 18 and 19. The houses that I have reference to are in no way used in the operation of the road. Please advise to what account such earnings should be credited.

*Answer.* Rents received from rent of buildings and other property not included in the operation of a road should be credited to an appropriate rent account under "Income" account.

## CASE 140.

*Query.* This company purchased property, apart from right of way, upon which to erect a dwelling for the occupancy of the superintendent of motive power, taking the title thereto in the name of our vice-president, who filed with us a declaration of trust. How shall we classify this expenditure?

*Answer.* This expenditure should be charged to Account No. 3. "Real Estate," under Expenditures for Road and Equipment.

## CASE 141.

*Query.* We own several houses not on the right of way of the company and are in doubt as to which account should be credited with these rents. Please inform us.

*Answer.* Rents received from rent of buildings and other property not included in the operation of a road should be credited to an appropriate rent account under "Income" account.

## CASE 142.

*Query.* I note in "Outside Operations"—"Cold-Storage Plants," that such covers the operations of railway cold-storage plants for the use of which specific charges are made or allowances included in through rates. We charge our tenants in our warehouses a stated price per cubic foot per annum for refrigeration. Should this amount be credited to "Cold-Storage Plants"?

*Answer.* If the refrigeration operations can be treated satisfactorily as an outside operation—that is to say, if a fairly accurate determination of the cost of maintaining and operating such refrigeration operations can be made—the amounts charged tenants for refrigeration in warehouses should be credited to "Outside Operations"—"Cold-Storage Plants."

## CASE 143.

*Query.* We have tug and barge lines carrying coal from Z Harbor points to points on the Y coast. May these be treated as outside operations; and if so, in which of the accounts proposed?

*Answer.* Yes; through "Outside Operations"—"Boat Lines."

## CASE 144.

(Refers to Additions and Betterments. See *Accounting Series Circular No. 12b.*)

## CASE 145.

(Refers to Additions and Betterments. See *Accounting Series Circular No. 12b.*)

## CASE 146.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 147.

*Query.* Is it proper to charge betterments to locomotives to the account "Locomotives—Replacement?" What I have particular reference to is the equipping of some of our freight locomotives with electric headlights.

*Answer.* Additions and betterments to equipment may be charged to the appropriate Equipment Replacement accounts.

## CASE 148.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 149.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 150.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 151.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 152.

(Refers to Additions and Betterments. *See Accounting Series Circular No. 12b.*)

## CASE 153.

*Query.* What account should be charged with obsolete material which is taken out of stock and sold as scrap?

*Answer.* The loss on such material should be adjusted in the next inventory account. (*See Case No. 9.*)

## CASE 154.

*Query.* Our organization includes a stationer and a small force who, under the jurisdiction of the purchasing agent, buy the sta-

tionery supplies, distribute same on requisitions, and keep the stationery stock. To what account should the salaries be charged?

*Answer.* The stationer and his force bear the same relation to "Stationery and Printing" that the storekeeper and his force do to "General Stores," and should be treated through a clearing account analogous to "Store Expenses."

#### CASE 155.

*Query.* Note B, under "Ties," page 24 of the Official Classification of Operating Expenses, reads as follows: "This account may include each month a proportion of the total amount authorized or approximated for renewals during the fiscal year, regardless of the month in which the actual renewal is made." Are we authorized to handle in the same way our charges to "Injuries to Persons," "Stationery and Printing," and "Loss and Damage?" On account of the fluctuating charges of the above accounts we have, in the past, been making an estimated charge each month, adjusting the total at the end of the year to an actual basis for the twelve months. This has been done by running the items through a Suspense Account. The actual charges to these accounts vary to a large extent. For instance, we may have a charge to "Injuries to Persons" in one month of \$25,000 and the next month of but \$3,000.

*Answer.* The method proposed above for handling charges to "Injuries to Persons," "Stationery and Printing," and "Loss and Damage" accounts is satisfactory, provided that the charges be adjusted annually as far as practicable. Reserves should be held until liabilities are paid.

#### CASE 156.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

#### CASE 157.

*Query.* We put in a great number of sidings and spur tracks each year to serve mines and lumbermen, which tracks are only temporary. We have been charging all new track material, such as rails, angle bars, and switches, direct to "Capital" account, and the ties, spikes, labor of grading, track laying, and surfacing to "Operating Expenses" when the track is put in. If old rails, angle bars, and switches are used no charge is made. We now

ask to be allowed to charge the cost of such temporary tracks (except track material) direct to "Operating Expenses." Is this permissible?

*Answer.* Until otherwise instructed the disposition above proposed is permissible.

#### CASE 158.

*Query.* In conducting business in the transportation of iron ore from mines a company is continually obliged to install mine tracks at mines to reach stock piles and ore bodies, these tracks being continually relocated and removed. How shall we consider the cost of installing and changing these tracks, and may we establish new primary accounts to cover this?

*Answer.* It is proper to consider the cost of relocating and changing these tracks to stock piles and ore bodies an operating expense. It is not permissible to set up new primary accounts. Subprimary accounts under the various primary accounts promulgated may be set up in accordance with the order of the Interstate Commerce Commission of June 3, 1907, relative thereto.

#### CASE 159.

*Query.* Referring to primary accounts "Maintaining Joint Tracks, Yards, and Other Facilities—Dr." and "Maintaining Joint Tracks, Yards, and Other Facilities—Cr.," and so on, does the word "joint" indicate joint ownership of the property?

*Answer.* No. The word "joint" indicates merely joint benefit and does not require joint ownership.

#### CASE 160.

*Query.* The A B Railway Company owns a certain mileage, 21 miles of which is operated jointly with the X Y Railway Company. Formerly the A B Company made all pay rolls, etc., on its blanks, billing against the X Y Company for its proportion of maintenance and operation on a wheelage basis. Later, on account of change of location of certain of the X Y Company's offices, it operated this joint territory and billed against the A B Company for its proportion of cost of maintenance and operation on a wheelage basis. The A B Company heretofore billed against the X Y Company for its proportion of the rent, based on the interest on one-half of the cost of the property used jointly. How shall this matter be disposed of on the present basis?

*Answer.* The detailed accounting for the operating expenses of this particular portion of tracks should be carried through the operating expense accounts of the X Y Railway Company, and the A B Railway Company's portions of these charges be credited by the X Y Company to the "Joint-facilities" creditor accounts and charged by the A B Company to the like-named debtor accounts. The interest upon one-half of valuation is a pure rent to be carried direct to "Income" account.

#### CASE 161.

*Query.* A carrier pays another road a monthly proportion of expenses of operating and maintaining a station and yards, the debtor company owning none of the property. To what account shall the debtor charge the bill?

*Answer.* The operating carrier should credit the monthly proportion of expenses of operating and maintaining station and yards to the appropriate "Joint-facilities" accounts and the debtor company should charge to the like-named debtor accounts. The maintenance account will be "Maintaining Joint Tracks, Yards, and Other Facilities;" the operating account will be "Operating Joint Yards and Terminals."

#### CASE 162.

*Query.* According to the Classification of Operating Expenses, is it proper to charge to renewals only the authorized or approximated amounts for renewals during the fiscal year, or are we allowed to handle this account in such manner as to provide for a period beyond the fiscal year?

*Answer.* "Operating Expenses" of any fiscal year should bear only such portion of appropriations for renewals as is necessary to provide for exact maintenance during that year. They should not be charged with any amount the expenditure of which goes to improve the property, or to provide for maintenance during later years.

#### CASE 163.

*Query.* Note A, under "Ballast," page 23 of the Classification of Operating Expenses, states that the cost of loading cinders at ash pits should be charged to account "Enginehouse Expenses—Yard," or "Enginehouse Expenses—Road." I presume that this note contemplated that the cinders would be loaded by engine-



house employees, while, as a matter of fact, the loading is often done by roadway employees. In case where this labor is performed by the roadway department, will it not be permissible for us to charge the expenses to "Ballast" instead of to "Enginehouse Expenses?"

*Answer.* No; the charge should be made to "Enginehouse Expenses."

#### CASE 164.

*Query.* If a trackman is injured by a freight or passenger train, should the expense or settlement of that injury be charged to "Maintenance of Way—Injuries to Persons," or "Transportation Expenses—Injuries to Persons?"

*Answer.* The proper "Injuries to Persons" account to which this should be charged should be determined by the consideration of the department at fault. Where both are at fault, or where the one at fault can not be determined, the damage should be divided equally between the two accounts.

#### CASE 165.

*Query.* If a prospective passenger at a station should be injured by a work train, would that charge be to "Maintenance of Way—Injuries to Persons," or "Transportation Expenses—Injuries to Persons"? In other words, should not the class of the train doing the damage determine the charge?

*Answer.* It should.

#### CASE 166.

(Canceled. Refers to Work Equipment.)

#### CASE 167.

*Query.* The main part of the business of this company consists of handling ore and coal during the lake navigation season, and the bulk of our earnings accrue between the period of April 1 to November 30, inclusive. It has been our practice in the past with respect to the distribution of arbitrary charges affecting our income, such as interest on bonds, etc., to charge out the accruals for the year in the eight months' period above specified and make no charges for the same during the months December, January, February, and March, during which period our earnings are comparatively very small. Will it be proper to continue this practice

with respect to the depreciation charges—that is to say, for the balance of this year may we absorb in the five months, July 1 to November 30, one-half of the annual amount to be set aside in the replacement funds, instead of spreading the same through the six months, and for the annual depreciation charges for 1908 begin taking care of the same in the month of April?

*Answer.* It will be improper to distribute depreciation charges for the year arbitrarily among the months specified. The depreciation charge is not an arbitrary charge. It is a charge to "Operating Expenses" designed to cover the consumption of plant incident to operation. This consumption of plant, while probably greatest during the portions of the year in which the transportation operations are heaviest, does not depend alone upon the use which is made of the property. A considerable portion of the physical deterioration goes on whether the property is in active service or not, and the matter of obsolescence is entirely independent of the use of the property. The depreciation charges should be made from month to month in accordance with what may fairly be judged to be the actual depreciation or loss in value of the equipment in service. In the event that the depreciation is not charged at a uniform monthly rate, the rates used in charging depreciation for the various months of the year should be filed with the Division of Statistics and Accounts of the Interstate Commerce Commission.

#### CASE 168.

*Query.* Our equipment is all old second-hand equipment, which may be suitable for service for from three to fifteen years. What per cent of depreciation should be charged yearly against such equipment?

*Answer.* The order of the Interstate Commerce Commission prescribes no rate to be used for computing depreciation of equipment. Accounting Series Circular No. 13 contains the principles to be followed, and each carrier should determine its own rate.

#### CASE 169.

*Query.* A new freight car, valued at \$665, was destroyed in the month of July. Estimated salvage \$100, net loss \$565, no depreciation so far charged. Kindly advise full treatment of this matter.

*Answer.* Where a new freight car went into service on July 2, or later during the month of July, and was destroyed during the

month of July, salvage being \$100, original cost \$665, net loss \$565, the \$565 should be charged to account "Freight-Train Cars—Renewals," the \$100 should be charged to "Materials" or the equivalent account, and the "Freight-Train Cars—Replacement" fund should be credited \$665. If, however, the car was in service on July 1, 1907, depreciation charges should be made in respect of that car for one month's depreciation, in which case the renewals charge will be less than above stated by the amount charged on account of one month's depreciation. If the car was in service prior to July 1, 1907, account must be taken of the depreciation accrued prior to that date, in accordance with the principles given in Accounting Series Circular No. 13. When any car goes out of service, the principal sum upon which depreciation charges for this class of equipment are to be based should be adjusted accordingly.

#### CASE 170.

*Query.* Suppose a car valued at \$665 is sold after being placed in the "Equipment" account, the amount received being the original cost, what account should the bill for the value of the car be credited to, and what entries are necessary to make proper charge against "Freight-Train Cars—Renewals?"

*Answer.* In the case stated no charge to "Operating Expenses" is necessary, the "Cash" account or other equivalent account being debited and "Replacement" fund credited with the \$665.

#### CASE 171.

*Query.* In the text under "Depreciation," pages 38, 44, 45, 47, 49, 50, and 52 of the Classification of Operating Expenses, where the phrase "to provide a fund for replacement when retired" occurs, is the word "fund" to be interpreted as meaning merely a book account or are carriers supposed to set aside a distinct sum of money in bank for the purpose prescribed?

*Answer.* It is not necessary to set aside a definite sum of money in bank equal to the accumulations in the reserves for replacement of equipment.

#### CASE 172.

*Query.* Owing to the manner in which Equipment accounts and depreciation on equipment have been handled heretofore, and in accordance with the Classification of Expenditures for Road and Equipment, would it be proper to take an inventory of our equip-

ment as of July 1, 1907, putting a fair price on locomotives, etc., and credit "Locomotives—Replacement" fund, etc., for the increase to these different items, thus getting an inventory value of our equipment as of that date?

*Answer.* All adjustments of ledger accounts to inventory values of equipment of July 1, 1907, should be made as debits or credits to "Profit and Loss."

#### CASE 173.

*Query.* The line of the A B Railway Company together with that of the X Y Railway Company forms a through line between F and G. The A B Company having no shops of its own has all repairs to equipment made in the shops of the X Y Company. It is desired to charge into the accounts of each company the cost of repairs and other shop work performed for the respective companies, and for that reason treat the shop through what is substantially a clearing account for all expenses of the shop. May this be done?

*Answer.* Yes.

#### CASE 174.

*Query.* Frequently it is not possible to preserve the identity of scrap taken from cars and locomotives torn down, as it goes into the general scrap heap and is sold when there is a market for it. Is it proper for us to make as close estimates as possible of the value of scrap and second-hand material from equipment and use those estimates in making credits to "Replacement" accounts and in arriving at the amount to be charged to the different Renewals accounts in "Operating Expenses?"

*Answer.* Yes.

#### CASE 175.

*Query.* Am I correct in understanding that charges to "Renewals" accounts are to be made only when equipment is condemned, destroyed, or sold?

*Answer.* Charges to Renewals accounts are to be made only when equipment goes out of service. In this connection see Accounting Series Circular No. 13.

#### CASE 176.

*Query.* Supposing one of our cars is destroyed on the rails of a foreign line and we merely bill against them for its present

value, which would be the original cost less depreciation of — per cent per year. Should this amount be credited to "Freight-Train Cars—Repairs," or would it be proper to credit the amount of the bill to "Replacement" fund, so that when the car is rebuilt it could be charged to the same account?

*Answer.* Credit to "Freight-Train Cars—Replacement."

#### CASE 177.

*Query.* At ——— our power house, which is used for running different machines in the shops, is run by electricity, and not only furnishes power for the running of the machines but also has two dynamos through which electric lights are furnished to the passenger station, freight office, and other buildings. We can, of course, determine definitely the cost of labor for producing the electric light for the lighting of the buildings and can make charges to the proper accounts, but we can not divide the fuel and supplies directly among any of the accounts. Should not such supplies be charged to clearing account "Shop Expenses" and prorated among the accounts on the basis of the distributed charge to each individual account?

*Answer.* Yes.

#### CASE 178.

*Query.* We have a power house which supplies electric light for a large passenger station, freight houses, and warehouses, as well as a train shed, also furnishes heat for the same building, as well as refrigeration for cooling boxes in the warehouses. This plant is operated as one and serves the different buildings mentioned. Shall it be understood from the classification that the expense of operating this power plant shall be charged to account on page 74, "Operating Power Plants," and that the repairs should be charged to account on page 52, "Power Plant Equipment?"

*Answer.* The expense of operating such a power plant may be treated through a clearing account and distributed to the various accounts chargeable with product furnished. The repairs to the building and the machinery therein should be charged to "Buildings, Fixtures, and Grounds."

#### CASE 179.

*Query.* Shall it be understood that total charges to the clearing accounts "Shop Expenses" shall be distributed only among the

accounts specially mentioned in the Official Classification in that connection, or may the distribution be made over all accounts affected?

*Answer.* The distribution should be made upon the basis of distributed labor over all accounts affected.

#### CASE 180.

*Query.* With regard to power plants not chargeable to "Outside Operations," but which are used to generate current for purposes other than the propulsion of electric locomotives, trains, or cars, it has been our custom to include the cost of maintenance of buildings and the equipment of plant, together with the cost of operating the same, in a convenience account. The product is distributed and charged to the various accounts affected. How shall this matter now be treated?

*Answer.* If the power plant is used solely for the purpose of furnishing power to shops, the cost of operation should be disposed of through the clearing account "Shop Expenses." The cost of maintaining buildings should be charged to "Buildings, Fixtures, and Grounds," and the cost of maintaining machinery to "Shop Machinery and Tools." If used only in part for the purpose of furnishing power to shops, a separate clearing account may be set up covering the expense of operation of the power plant, such expense being distributed among the various accounts affected.

#### CASE 181.

*Query.* Should not premiums paid on insurance covering contents of storehouses representing company's material in stock be charged one-twelfth each month to "Store Expenses" and prorated over the issues of the month?

*Answer.* The "Insurance" account in the Official Classification of Operating Expenses includes all premiums made or paid by a carrier to its insurance fund and premiums (except reinsurance premiums) paid by it to insurance companies; therefore the monthly proportions of premiums referred to in query should be charged direct to "Insurance" account in operating expenses.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 182.

*Query.* To what account should be charged the cost of insurance on floating equipment?

*Answer.* To account "Insurance" under "General Expenses," except when chargeable to "Outside Operations."

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 183.

*Query.* Referring to page 55, explanatory note, clearing account "Shop Expenses," I understand that a clearing account is to be opened by the maintenance of equipment department, to which certain designated expenses are to be charged. This account is to be closed monthly into certain primary accounts, on the proportion that the total of such expenses bears to the total distributed labor by that department. Am I correct?

*Answer.* Yes.

#### CASE 184.

*Query.* Referring to page 85, Note C, am I to understand that the pay of purchasing agents, storekeepers, etc., is chargeable to material accounts through the clearing account "Store Expenses," and that such expense shall be added to the cost of material in addition to the original cost?

*Answer.* The pay of purchasing agents, storekeepers, etc., should, when their services are entirely devoted to the purchasing and handling of materials, be charged to the clearing account "Store Expenses" and distributed upon the material carried through the storehouses.

#### CASE 185.

*Query.* Referring to page 58, heading "Store Expenses," to what primary accounts should the storehouse expenses and purchasing department expenses be apportioned, or should the total expenses be charged to material account and the cost of material increased accordingly? All material issued through the storeroom is purchased through the purchasing department, and issued from the storeroom by the same department.

*Answer.* If the purchasing department's services are devoted entirely to the purchase of material carried through the storehouse, the expenses of such department may be charged to the "Material" account and enter into the value of material issued or may be charged direct to the appropriate operating expense or other accounts.

## CASE 186.

(Canceled. Refers to Equipment Borrowed and Loaned.)

## CASE 187.

(Canceled. Refers to Equipment Borrowed and Loaned.)

## CASE 188.

*Query.* How should the wages of engineers and firemen and expenses of locomotives, etc., be apportioned?

*Answer.* Between "Yard" and "Road" service accounts, in proportion to the service rendered.

## CASE 189.

*Query.* If a road locomotive performs yard service during a part of the day in a yard where regular switching service is maintained, is it permissible to class the expenses of such road locomotive as "Road Locomotive" expenses?

*Answer.* The expense of the service of the road locomotive should be apportioned between "Road" and "Yard" service on the basis of the service rendered.

## CASE 190.

*Query.* On the A and B Railroad Company we have no regular yard crews, the regular train crews making up their own trains at terminals before leaving. May expense be divided between "Yard" and "Road" service on the basis of mileage, using 6 miles per hour constructive mileage for yard work?

*Answer.* The expense should be divided between "Yard" and "Road" service on the basis of service rendered.

## CASE 191.

*Query.* Our road, less than 10 miles in length, affords in connection with other roads, all of which it crosses, a means for the interchange of freight traffic between these other roads. Manufacturing and industries located along its line and siding extensions are also afforded service to and from each of the other roads with which it connects. The traffic handled, practically all freight, is moved at a fixed rate for each loaded car handled, irrespective of



destination or character of lading, no charge being made for the movement of empty cars. Is it proper to credit our earnings to "Switching" revenue and treat items of transportation expenses as "Yard" expenses?

*Answer.* The earnings should be credited to "Switching Revenue" and the transportation expenses be treated as "Yard Expenses" in contradistinction to "Road Expenses," where it is necessary to distinguish between them.

#### CASE 192.

*Query.* Our railway is purely a terminal road engaged in switching cars to and fro between the manufactories located on the lands of the ——— Company and the A B and C D railway companies. Should our transportation expenses be reported as "Yard" or "Road?"

*Answer.* If the service is purely a switching service—that is to say, if the charges for such service depend solely on the number of cars moved and are independent of the commodity, weight, and character of the loading of such cars—the transportation expenses should be treated as a "Yard" service expense.

#### CASE 193.

*Query.* Another company pays the salary of the agent and his assistants at a station where some switching is performed, but not at a regular yard, and bills our company for one-half of the amount. Should the company paying the expenses credit the operating account to which this expense is charged, viz, "Station Employees," with their bill against us, or should they credit "Operating Joint Yards and Terminals—Cr.?"

*Answer.* It is not expected, for the present, that joint employees will be considered joint facilities. It will at present, therefore, be necessary for the creditor company to credit the proportion of salaries of agents and assistants in such case charged against another company to account "Station Employees," and the debtor company to charge its proportion to the same account. This applies only where the joint arrangement affects employees alone. Where the employees are engaged in maintaining or operating joint facilities, their salaries and expenses are a part of the joint-facilities expenses treated through the "Joint-facilities" accounts. In this connection see page 2 of Accounting Series Circular No. 14.

## CASE 194.

*Query.* What account should be credited with money received from other railroads for water furnished their locomotives?

*Answer.* The account originally charged, "Water for Yard Locomotives," or "Water for Road Locomotives," as the case may be.

## CASE 195.

*Query.* The A B Railway Company runs its equipment and crews from F (the junction between that company and ours) over our lines to H and return, for which we pay that company 15 cents per mile for passenger locomotive service when in regular runs. When run in special passenger service or freight service, we pay 30 cents per mile. How shall we dispose of these charges?

*Answer.* The two carriers interested should agree upon an apportionment of the mileage charge, and the portion allotted to the locomotive should be passed through the "Hire of Equipment" account; the portions allotted to enginemen, fuel, water, waste, etc., should be passed through the appropriate primary operating expense accounts. Statistics of miles made between the two points must follow the expense for such service.

## CASE 196.

*Query.* Under what head should labor of lighting switch lamps be charged?

*Answer.* If not at terminals, it should be charged to "Station Employees;" if at terminals it should be charged to "Yard Switch and Signal Tenders."

## CASE 197.

*Query.* To what account should be charged care of switch lamps at stations along the line?

*Answer.* When at stations at which no regular switching service is maintained, the labor should be charged to "Station Employees" and the supplies to "Station Supplies and Expenses."

## CASE 198.

*Query.* Referring to the account, "Station Employees," on page 64, the sixth line mentions telegraph operators at stations. Does this cover telegraph operators at large freight stations who perform no other service, or should the salary of such operators be

charged to the account on page 77, "Telegraph and Telephone—Operation?"

*Answer.* Salaries of telegraph operators at stations should be charged to "Station Employees."

The classification is revised by amending the text under "Telegraph and Telephone—Operation" by striking out the words "who also perform other station work" in the first paragraph of that account at the top of page 78.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 199.

*Query.* Under the rules of the Produce Exchange there is a deputy inspector of weights who attends to all loading of grain for export at our ——— terminal. His salary is paid by the Produce Exchange. His duties are to inspect, measure, and grade the grain. It occasionally happens that we want to load this grain out of hours, and in order to have the services of this man after working hours and on Sunday we have to pay for such services. To what account should such payments be charged?

*Answer.* To "Station Employees" if not incidental to an outside operation.

#### CASE 200.

*Query.* To what account should be charged stationery and printing expenses incurred on account of operating floating equipment?

*Answer.* To "Stationery and Printing" under "Transportation Expenses," when not incidental to outside operations.

#### CASE 201.

*Query.* Our superintendent of water service has charge of production of treated water for use of locomotives and his duties are confined exclusively to this work. May we charge his salary to the account "Water for Yard Locomotives" or "Water for Road Locomotives," as the case may be?

*Answer.* Yes.

#### CASE 202.

*Query.* How shall we dispose of amount allowed for loyal service and overtime work of certain employees during a strike

of the coal shovelers and laborers and sympathetic strike of roundhouse men?

*Answer.* The amount allowed for loyal service and overtime work of certain employees during a strike should be charged to the same account as would have been charged for the work had it been performed during regular time.

#### CASE 203.

*Query.* Should hostlers and helpers at roundhouses be classed as enginemen and charged as are the latter to "Yard Enginemen" or "Road Enginemen," or should they be classed under "Enginehouse Expenses"—Road or Yard?

*Answer.* Pay of hostlers and helpers at roundhouses should be charged to "Enginehouse Expenses—Road" or "Enginehouse Expenses—Yard," as the case may be.

#### CASE 204.

*Query.* We have a number of men employed on our road who are known as gatemen, who operate gates which are in reality signals at railroad crossings, not highway crossings. Is it proper to charge the pay of these men to "Interlockers and Block and Other Signals—Operation?"

*Answer.* Yes.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 205.

*Query.* To what account shall expenses of station employees be charged, such as car fare, traveling expenses, etc.?

*Answer.* To "Station Supplies and Expenses."

#### CASE 206.

*Query.* In the matter of cars which do not pass inspection at junction points, by reason of which loads are transferred, it has been customary to make, in addition to the cost of the transferring, a charge for switching. To what accounts should this item of switching be charged by the road bearing it, and how should it be credited by the road receiving it?

*Answer.* This item of switching should be credited by the receiving company to Revenue Account No. 9, "Switching Revenue," and charged by the paying company to account "Other Expenses" under "Transportation Expenses."

#### CASE 207.

*Query.* How shall we dispose of the expense to a company for having its checks cashed at banks; also for drafts issued payable in other cities in payment of the company's indebtedness?

*Answer.* These two items should be charged to "Other Expenses" under "General Expenses."

#### CASE 208.

*Query.* A company devotes annually to a pension fund, say, \$30,000. The amount of pensions actually paid during the past year was, say, \$10,000. How should these amounts be treated?

*Answer.* The \$30,000 devoted annually to the pension fund can not be considered a proper charge to "Operating Expenses." "Operating Expenses" are chargeable only with amounts of pensions paid to retired employees and expenses in connection therewith. (See Case 302.)

#### CASE 209.

*Query.* The management of our company consists of several officers receiving no salary, also a general bookkeeper and auditor, whose salary we would charge to "General Expenses." Is this correct? We also have a general superintendent located on the road, who is responsible for the whole local management of the road. Further, we have a general agent, also locally located, who performs the duties of clerk to the superintendent and of local agent at the only station where we have an agent and local accountant. How shall we dispose of these salaries?

*Answer.* The salary and expenses of the general bookkeeper and auditor should be charged to "Salaries and Expenses of General Officers." The salary and expenses of the general superintendent should be charged as per note on page 64 of the Official Classification of Operating Expenses. The salary and expenses of the general agent should be charged in accordance with services rendered.

## CASE 210.

*Query.* With respect to terminal roads, what rule should be followed in dividing earnings between "Freight Revenue" and "Switching Revenue"?

*Answer.* See revised text for Account No. 9, "Switching Revenue," in the Supplement, effective on July 1, 1908, to Classification of Operating Revenues for Steam Roads, First Issue.

## CASE 211.

*Query.* With regard to freight overcharges under the subject "Reserve Funds," will it be permissible to charge against this balance any reserve overcharge claims paid during the present fiscal year, making such further accruals by charges against our revenue accounts as shall cover estimated existing overcharge claims, thus maintaining a sufficient reserve to approximately cover all outstanding claims at any given time?

*Answer.* Reserves should be held until the liabilities are paid.

## CASE 212.

*Query.* For several years past our company has paid the A B Company one-half of the cost of towing their boats to and from our wharf at Y. It seems to me this might be termed "water switching," and we would ask if it is not proper to charge this service to "Freight Revenue"?

*Answer.* Yes.

## CASE 213.

(Answer not finally approved. See *Accounting Series Circular No. 12b.*)

## CASE 214.

*Query.* On a car received from a connecting carrier certain switching was necessary at X Junction, charges for which amounted to \$20, and were absorbed by our line. A portion of this switching charge absorbed was recovered from another connecting carrier. How shall this matter be treated?

*Answer.* The net switching charge absorbed should be charged to the account to which was credited the revenue upon the shipment.

## CASE 215.

*Query.* The A & B Railway Company enjoys the use of our tracks, station buildings, and other facilities between X and Y, paying therefor a specified rent on a valuation basis, wheelage proportion of maintenance, and agreed proportions of station service (principally covering train telegraph service). The A & B Railway Company has no right to transact a local business between the points above named. Recently our operating officials entered into an agreement under which the A & B trains should handle our local freight and passenger business between those points for a stipulated percentage of the revenue. Note C under account "Passenger Revenue" reads as follows: "When a lessee company transports passengers over the tracks of another carrier on the basis of a proportion of revenues, it should include the entire compensation in its revenues and statistics, charging the appropriate joint facilities expense and rent accounts with the amount paid the lessor company, and the lessor company should credit the same accounts." No similar provision is made for a like case under "Freight Revenue." Applying Note C to our case, I take it to mean that the A & B Railway Company should include in its passenger revenue the full revenue from our line tickets taken up and should charge its "Operating Expenses" accounts with the proportion accruing to our line. Should like disposition be made of freight revenues from local traffic between X and Y?

*Answer 1.* The amounts paid by the A & B Railway Company for use of tracks, station buildings, and other facilities between X and Y, based on a specified rent and proportions of maintenance and operation expenses, should be handled through the appropriate "Joint-facilities" accounts in "Operating Expenses" and "Income." The lessor company should charge its various operating expense accounts with the full cost of operation and maintenance.

2. The A & B Railway Company should include in its freight and passenger revenues the entire receipts of the local freight and passenger traffic between X and Y, and the proportion accruing to the lessor company should be handled through the appropriate "Joint-facilities" account in "Income." Note C referred to applies only when the proportion of the revenues paid is the full payment for use of joint tracks, etc., and it is intended that such payments should be apportioned to the "Joint-facilities," "Operating Expenses," and "Income" accounts affected.

## CASE 216.

*Query.* Our ——— ——— ——— train stops at X, but tickets to that point can not be bought for this train. The first billing point would be Y. It sometimes happens that a party desiring to get to X in a hurry buys a ticket to Y and leaves the train at X, thus leaving an unused portion of the ticket in the hands of the conductor, which is returned to the auditor of passenger accounts. Or, in the case of reduced rate in connection with some special feature, a person desiring to visit an intermediate point will buy an excursion ticket and not use it clear through to destination. How should these cases be treated?

*Answer.* The full amount received upon the sale of the ticket should be credited to Revenue Account No. 2, "Passenger Revenue."

## CASE 217.

(Canceled. Refers to revenue on company's freight.)

## CASE 218.

*Query.* Our road enters ——— ——— ——— over leased lines, and not having terminal facilities of our own at this point, we look to connecting lines to do our switching. The A B Railroad Company bills against us for switching cars, both where that company participates in the earnings and where it does not (the charges in the latter case being higher), and in some cases whether the cars be loaded or empty. How shall we treat the various switching charges?

*Answer.* Such charges on loaded cars should be charged to Revenue Account No. 1, "Freight Revenue;" switching charges on empty cars, when not in connection with loaded movements, should be charged to account "Other Expenses" under "Transportation Expenses." When the empty movement is in connection with a loaded movement, and purely incidental thereto, the amount paid therefor should be charged to Revenue Account No. 1, "Freight Revenue."

## CASE 219.

*Query.* Grain is transported to X from points west and is transferred from cars to elevators. Railroad companies receiving grain from such elevators for transportation pay to the elevator



company one-quarter of 1 cent per bushel, this charge being covered by a note in our tariff. To what account should such charges paid to the elevator company by the railway company be charged?

*Answer.* To Revenue Account No. 1, "Freight Revenue."

#### CASE 220.

*Query.* What is the proper disposition of payments made to industrial concerns for services of their switch locomotives? We find it cheaper or more convenient to pay the industrial concerns the rate set forth in our tariff and have them do their own switching rather than to assign one of our own locomotives to that service.

*Answer.* Payments of this nature may be disposed of by charging them to Revenue Account No. 1, "Freight Revenue."

#### CASE 221.

*Query.* In the case of passenger trains run under a guaranty where you provide for splitting the revenue between "Passenger Revenue" covering amount received from the sale of tickets and "Other Passenger-Train Revenue" for the deficit made up by the guarantor I assume that the entire mileage should go under the head of "Passenger-Train Miles" and not under that of "Special-Train Miles." Is this correct?

*Answer.* Yes; unless the train is a mixed train.

#### CASE 222.

*Query.* This company handles picnic trains between X and V on the following basis: (1) So much for each train at an agreed price per coach without regard to the number of people handled; (2) so much for each passenger with a guaranty of so much revenue. In case the revenue per capita does not equal the guaranty, the deficiency is paid to the company. What is the proper classification in revenue account?

*Answer.* In the first case stated the revenue should be credited to Revenue Account No. 10, "Special Service Train Revenue." In the second case proposed the portion of the receipts based upon the rate per passenger and the number of passengers should be credited to Account No. 2, "Passenger Revenue;" the remainder, if any, received under the guaranty should be credited to Account No. 8, "Other Passenger-Train Revenue."

## CASE 223.

*Query.* Circus trains are handled between stations at a lump sum for a train, with a limitation on the number of people carried. Am I correct in assuming the revenue should be credited to Revenue Account No. 10, "Special Service Train Revenue?"

*Answer.* Yes.

## CASE 224.

*Query.* In case of picnic trains, chartered trains, and theatrical trains, where the revenue is properly credited to Revenue Account No. 10, how should the number of passengers, the train mileage, and the car mileage be treated, as far as passenger statistics are concerned; that is, in ascertaining rate per passenger per mile, etc.?

*Answer.* No accounts should be kept of passengers and passenger miles where the revenue is properly credited to Operating Revenues Account No. 10, "Special Service Train Revenue." With regard to train-miles, car-miles, locomotive-miles, etc., see the Classification of Locomotive-Miles, Car-Miles, and Train-Miles.

## CASE 225.

*Query.* We derive revenue from transferring trains of other railroad companies over a portion of our tracks with our own power, for which we charge a certain rate per car. What disposition should be made of this revenue?

*Answer.* This should be credited to Revenue Account No. 11, "Miscellaneous Transportation Revenue."

## CASE 226.

*Query.* How should the earnings in respect of parlor-car service be treated?

*Answer.* When the parlor-car service is not an outside operation, such earnings should be credited to Revenue Account No. 4, "Parlor and Chair Car Revenue."

## CASE 227.

*Query.* We ran a special train from A to B, destined to a point beyond, and required for our service a guaranty of \$114. Tickets collected amounted for our portion to \$51.65. We collected the remainder from roads beyond. How shall we treat this?

*Answer.* The portion collected under the guaranty should be credited to Revenue Account No. 8, "Other Passenger-Train Revenue."

## CASE 228.

(Answer not finally approved. See *Accounting Series Circular No. 12b.*)

## CASE 229.

*Query.* Garnishment suits are frequently entered against railroads covering amounts due from them to other parties. In certain States the garnishee is allowed a fee for answering any such suits. What treatment should be followed as to this matter?

*Answer.* Credit garnishee fees to Revenue Account No. 19, "Miscellaneous."

## CASE 230.

*Query.* To what account should sale of gravel from company's gravel pit be credited?

*Answer.* Profit should be credited to Revenue Account No. 19, "Miscellaneous." The average cost of production should be credited to the ballast clearing account.

## CASE 231.

*Query.* Is the "Car-Service" account to be credited with the amount of car service accruing in the current month or only with the amount actually paid during that month?

*Answer.* Credits to Revenue Account No. 16, "Car Service," should be upon the basis of accruals.

## CASE 232.

*Query.* Our road occasionally has opportunity to dispose of cinders. To what account should amounts thus received be credited?

*Answer.* Such credits should be made to Revenue Account No. 19, "Miscellaneous."

## CASE 233.

(Answer not finally approved. See *Accounting Series Circular No. 12b.*)

## CASE 234.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 235.

*Query.* This company acquired from the A & B Railway Company (whose property we purchased en bloc) about 75 freight cars in bad condition. These cars were taken over at an estimated value of \$200 each and are not used in operating the property, but are held for work in grading, etc., and repairs have heretofore been charged to the work benefited. May we follow this procedure in the future?

*Answer.* Yes.

## CASE 236.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 237.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 238.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 239.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 240.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 241.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 242.

(Answer not finally approved. *See Accounting Series Circular No. 12b.*)

## CASE 243.

*Query.* In clearing a wreck it is necessary to use wreck train, engine, and crew of another company. In preparing voucher,

should charge be distributed to "Hire of Equipment" and "Clearing Wrecks," or should the entire expense be charged to the last-named account? To what accounts would the bills of the company performing the service be credited?

*Answer.* Amounts paid for use of wreck engine, crew, and derrick of another company hired in emergency to clear a wreck should be charged to "Clearing Wrecks" by the company who pays the bill. The company furnishing the wrecking outfit should credit the amount to each primary account affected for actual service performed and credit the amount charged as rent of equipment to "Hire of Equipment."

#### CASE 244.

*Query.* What is the proper classification of expenses for "Stationery and Printing" used by outside agents, advertising department, and fast-freight lines?

*Answer.* Account "Stationery and Printing," under "Traffic Expenses," includes all stationery used in traffic department, except stationery used by "Industrial and Immigration Bureaus."

#### CASE 245.

*Query.* The account "Train Supplies and Expenses" in the Classification of Operating Expenses, Third Revised Issue, provides for the cost of oil, grease, waste, wool, and other supplies used in lubricating cars. The account "Roadway and Track," under the subheading "Train Service," provides for the cost of fuel, stores, and other supplies for work-train locomotives and cars. Should the oil used for lubricating work trains be charged to "Train Supplies and Expenses" or considered as a portion of the supplies mentioned under "Roadway and Track?"

*Answer.* Oil for lubricating work trains should be considered as a portion of the supplies mentioned in account "Roadway and Track."

#### CASE 246.

*Query.* To what revenue account or operating expense account should be credited the slight profits accruing to a carrier on bills rendered against other roads or outside individuals; that is to say, percentages added to labor, and material for superintendence, use of tools and accounting, and other items of profit, where

the charge made is somewhat in excess of the cost to the carrier rendering the bill?

*Answer.* Should be credited to "Operating Expenses." (See Case 262.)

#### CASE 247.

*Query.* In regard to the distinction between "Operating Joint Yards and Terminals" and "Operating Joint Tracks and Facilities," and as to whether we should include in "Joint-facilities" accounts, joint expenses of all kinds, such as interlocking plants, crossing flagmen, etc., we are now entering our July bills, and it is important that we know how these should be distributed. In this July account we will be vouchering and charging bills for joint facilities made and credited by other railroad companies prior to July. These bills will therefore not show the distribution to the "Joint-facilities" account. Will it be proper to charge such bills to the proper "Joint-facilities" account, regardless of the distribution made by the carrier rendering the bill?

*Answer.* Expenses that enter into accounts subsequent to July 1, 1907, on account of joint facilities of all kinds should be handled through the "Joint-facilities" accounts.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 248.

*Query.* Under "Maintenance of Equipment—Superintendence" is included the words "general foreman." What is meant by this term and in what respect are they distinguished from shop foremen as shown under the clearing account "Shop Expenses," on page 56 of the Classification?

*Answer.* Shop foremen ordinarily means foreman of machine shop, foreman of boiler shop, foreman of blacksmith shop, and foreman of any department. General foreman is a term applicable to such foremen as have jurisdiction over the several departmental foremen known as shop foremen, where the organization is sufficiently large to require the service of a general foreman, as distinguished from a departmental foreman. Where a single foreman has charge of all shops without the assistance of departmental foremen, he should be regarded as a shop foreman.

## CASE 249.

*Query.* Should per diem reclaims be treated as a matter of hire of equipment? If not, to what account should such per diem reclaims be charged and credited?

*Answer.* Reclaims should be treated the same as per diem payments and disposed of through the account, "Hire of Equipment."

## CASE 250.

*Query.* In addition to our paying other companies a proportion of maintaining joint tracks, maintaining joint equipment, operating joint tracks, and general administration of joint tracks, we also pay a flat rent per annum. How shall we take care of such payments?

*Answer.* Should be charged to an appropriate rent account under "Income."

## CASE 251.

*Query.* Should the salary of a station agent who also acts as a copy operator for dispatching trains be divided between "Dispatching Trains" and "Station Employees," or should the salary be charged entirely to "Station Employees"?

*Answer.* All to "Station Employees."

## CASE 252.

*Query.* To what account under the new classification should be credited amounts received from tenants for the privilege of cutting hay along our right of way?

*Answer.* Operating Revenue Account No. 19, "Miscellaneous."

## CASE 253.

It is suggested that the note under the account "Water for Yard Locomotives" (page 69, Classification of Operating Expenses, Third Revised Issue), also the note under the account "Water for Road Locomotives" (page 72, Classification of Operating Expenses, Third Revised Issue), reading, "The apportionment of water as between yard and road locomotives should be on the basis of the relative number of tender tanks taken," be changed to read: "The apportionment of cost of water as between yard and road locomotives should be based on the relative number of tons of coal used on locomotives in yard and road service."

*Answer.* The apportionment of water as between yard and road locomotives should be on the relative number of tons of coal used on locomotives in yard and road service.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 254.

*Query.* To what account should compensation for use of an air-brake instruction car, the property of the International Correspondence School, and used by a railway company in the instruction of its employees in the transportation and motive power departments, be charged?

*Answer.* Should be disposed of in accordance with note on page 64 of the Official Classification of Operating Expenses, under "Transportation Expenses—Superintendence."

#### CASE 255.

*Query.* Matters pertaining to the land and tax departments of a certain railway company are in the hands of a land and tax commissioner of an allied company, to whom 5 per cent of his salary is paid by the former. Is such payment a proper charge to "Salaries and Expenses of General Officers"?

*Answer.* Yes.

#### CASE 256.

*Query.* Should "Metallic Packing," now listed in transportation expenses under "Other Supplies for Yard Locomotives" and "Other Supplies for Road Locomotives," be considered a repair in place of a supply article? That being the case, "Metallic Packing" would hereafter be listed under "Steam Locomotives—Repairs," "Electric Locomotives—Repairs."

*Answer.* Metallic packing is a vital part of a locomotive, and is more of the nature of repairs than supplies. It should be charged to "Steam Locomotives—Repairs" and "Electric Locomotives—Repairs," instead of to "Other Supplies for Road Locomotives" and "Other Supplies for Yard Locomotives," and the Classification of Operating Expenses is amended accordingly, effective on July 1, 1908.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*



## CASE 257.

*Query.* Classification of Operating Expenses, Third Revised Issue, requires a debit to each account affected with apportionment of the charge, shop expense. It is claimed this ruling is in conflict with M. C. B. Rule No. 104, and the question arises if it is the intention to disregard the M. C. B. rules where they conflict, with Classification of Operating Expenses, Third Revised Issue?

*Answer.* M. C. B. rules govern only charges of one carrier against another carrier and do not affect or govern "Operating Expenses" accounts. There is no conflict.

## CASE 258.

*Query.* Under the heading of "Maintenance of Way and Structures" (page 40, Classification of Operating Expenses, Third Revised Issue), "Maintaining Joint Tracks, and Other Facilities," are the expenses incident to employees at stations, owned or used jointly, to be treated as a debit and credit to the similar transportation accounts?

*Answer.* Yes. (See Case 193.)

## CASE 259.

*Query.* Should the amounts received for switching a private car and its occupants from one railroad to another in order to continue the movement from point of origin to destination be credited to Account No. 9, "Switching Revenue"?

*Answer.* Yes.

## CASE 260.

*Query.* Should the amounts received from switching express cars from one railroad to another to continue the movement from point of origin to destination be credited to Account No. 9, "Switching Revenue"?

*Answer.* Yes.

## CASE 261.

*Query.* To what account should coupons found in covers of interchangeable mileage books returned for redemption be credited?

What account should be credited with the value of coupons from mileage books which remain unrepresented after the expiration of the limit of the ticket?

To what account should be credited amounts of unclaimed penalty collections on trains; also, unclaimed redeemable portions of mileage tickets and credentials?

*Answer.* To Account No. 8, "Other Passenger Train Revenue."

#### CASE 262.

*Query.* How should the percentage added to labor, representing the use of tools, superintendence, etc., and the percentage added to material, covering handling, transporting, and accounting, be treated—and how credited?

*Answer.* Should be credited to "Operating Expenses." (See Case 246.)

#### CASE 263.

*Query.* Should the revenue derived from trackage charge levied by the A & B Railway Company, incident to deliveries of live stock to C & D Stock Yards Company, such deliveries being made by connecting lines' own power, and on basis of published tariff charges, be credited to Account No. 19, "Miscellaneous," under "Revenue from Operations Other than Transportation," or should same be apportioned to "Income" account and "Joint-facilities" account, under "Maintenance of Way and Structures," "Transportation Expenses," and "General Expenses"?

*Answer.* Should be apportioned to appropriate rent account under "Income" and to "Joint-facilities" accounts.

#### CASE 264.

*Query.* In the Classification of Operating Expenses, Third Revised Issue, under "Work Equipment—Repairs," "Steam Locomotives—Repairs," "Passenger-Train Cars—Repairs," and "Freight-Train Cars—Repairs," is included cost of supervision. Where such repairs are made by master mechanics, general foreman, car foreman, etc., whose pay comes under "Superintendence," on page 41, what supervision would be included in the repair accounts?

*Answer.* Account "Superintendence" includes pay of chief car inspector and general car inspector, but not of local supervising car inspector. This latter official's duties come under the term "Supervision," named in the repair accounts quoted. Superintendence covers officials having territorial jurisdiction over sev-

eral points or several departments, and the primary accounts include local supervision and departmental supervision, as distinguished from above.

CASE 265.

*Query.* A railway company has arrangements for switching cars to industries and to other carrier's connections, in which the switching road is paid for the loaded haul and also for the return of the empty cars to the said railway company's line. Is the specific charge for the return movement of the empty car a proper deduction from the freight revenue as a part of the cost of effecting the delivery or charge under operating expenses to "Other Expenses"?

*Answer.* Charge to Revenue Account No. 1, "Freight Revenue."

CASE 266.

Under Classification of Expenditures for Road and Equipment, Account 33, "Rent of Equipment."

If rent of a pile driver used in the construction of a bridge be charged in this account, the query presents itself: How is the true cost of a bridge (on which this pile driver worked) to be determined?

*Answer 1.* If the pile driver is permanently mounted on a car the charge for the rent thereof should be made to Account No. 33, "Rent of Equipment" in the Classification of Expenditures for Road and Equipment, First Revised Issue. Should it be desired to divide this account into subprimary accounts so that the amount paid for hire of equipment used in constructing bridges can be ascertained, it may be done, provided that a list of such subprimary accounts be submitted to the Interstate Commerce Commission.

2. If the pile driver is not mounted on a car its rent should be charged to Account No. 6, "Bridges, Trestles, and Culverts," in the Classification of Expenditures for Road and Equipment, First Revised Issue.

CASE 267.

*Query.* Where a certain rate is quoted in a tariff for the carrying of sand, is the charge of 10 cents for loading the sand, which service is performed by the A & B Railroad Company or by a

contracting firm employed by the same company, a proper debit to operating expenses?

*Answer.* Yes; charge to "Station Employees."

#### CASE 268.

*Query.* Road A has trackage rights over the line of road B between two points, the consideration received being a toll of \$4 per loaded car, etc., which amounts have heretofore been credited to "Miscellaneous Earnings." Should such items be shown as a credit to primary account "Operating Joint Tracks and Facilities—Cr.?"

*Answer.* It is assumed that this payment includes the following items, and should be disposed of accordingly:

1. Maintenance, which should be disposed of to "Maintaining Joint Tracks, Yards, and Other Facilities."
2. Transportation expenses, which should be disposed of to "Operating Joint Tracks and Facilities."
3. Interest on valuation or rent, which should be disposed of to "Income" account.

It is also assumed in this answer that there is no Yard movement.

#### CASE 269.

*Query.* What account should be charged with amounts paid by a carrier for electric lights at street crossings not at stations or in yards, the object being to make the crossing more safe for the passage of traffic on the street?

*Answer.* To "Crossing Flagmen and Gatemen."

#### CASE 270.

*Query.* This line is a switching road entirely within the State of Pennsylvania, and with but few exceptions, and then only for a short time, its cars do not leave the line, and consequently there is no charge for per diem against other companies. We pay to other companies the regular per diem charges for use of their cars while on our lines, and being a switching road, are allowed the reclaim from connecting lines a certain amount for cars returned within the time limit fixed by them.

Are we correct in charging "Hire of Equipment" with the amount paid to other companies for use of their equipment, and

crediting "Hire of Equipment" with the amount of the reclaim received from connecting lines, and carrying the balance as a debit or credit, as the case may be, to income account?

*Answer.* Yes.

#### CASE 271.

*Query.* To what account should be charged this company's proportion of the expense of maintaining and operating the mileage exchange order bureau of a passenger association? An interchangeable mileage ticket is in use in this territory, which is honored by all railroads in the association, and the record of the use of interchangeable orders is kept by the bureau mentioned for the purpose of detecting any misuse of these orders.

*Answer.* To "Traffic Associations."

#### CASE 272.

*Query.* The X Y Z Railroad has arrangements with a number of different roads through which the entire expense of interlocking plants protecting railroad crossings, also crossings protected by manual signals, as well as stations at railroad crossings joint with other roads, in connection with which either one road or the other pays the entire expense, both of labor and supplies furnished, and bills the other road for its proportion. The tendency seems to be to throw these bills into "Joint-facilities" accounts.

My understanding of the Joint Facilities Circular was that it applied to the properties owned by one carrier, another carrier enjoying the facility, or, perhaps, operated by another carrier in connection with which it would be a proper charge to the different "Joint-facilities" accounts, but it does not seem to me that a station out in the country, or an interlocking plant covering a road crossing, comes within the "Joint-facilities" accounts. It seems to me that the proper charge is to the different primary accounts outside of "Joint-facilities" accounts. I do not see how that operating joint tracks can be considered as the proper account in connection with road crossings, the train of each road passing over the crossing on their own rails. Please advise the proper disposition of these expenses.

*Answer.* Should be handled through "Joint-facilities" accounts. The account "Operating Joint Tracks" is amended to read "Operating Joint Tracks and Facilities" in order to embrace items of this nature not in yards or at terminals.

The operating carrier should charge the full expense of operation and maintenance to the various operating expense primary accounts affected and should credit the proportions charged against other carriers to the appropriate "Joint-facilities" accounts in "Operating Expenses." The amount of rent (interest on valuation and proportion of taxes), if covered by settlements should be credited to "Rents" in Income Account.

The debtor carriers should charge the appropriate "Joint-facilities" accounts in "Operating Expenses" and "Rents" in Income Account. The account "Operating Joint Tracks" is amended to read "Operating Joint Tracks and Facilities" in order to embrace items of this nature not in yards or at terminals.

*See Supplement effective on July 1, 1908, to the Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 273.

*Query.* Should amounts paid to and received from other companies for use of joint facilities, when same are based on a proportion of interest on valuation, in addition to the expense incurred in maintaining and operating such property, be included under the following accounts: "Maintaining Joint Tracks, Yards, and Other Facilities" (debit and credit); "Maintaining Joint Equipment at Terminals" (debit and credit); "Operating Joint Yards and Terminals" (debit and credit); "Operating Joint Tracks and Facilities" (debit and credit), and "General Administration Joint Tracks, Yards, and Terminals" (debit and credit)?

The note under each of the foregoing accounts shows the purpose of the account is to cover amounts accruing against or in favor of a carrier for its proportion of the expense, etc., and I am therefore unable to determine whether or not the interest on valuation is construed as an item of expense or should be carried through the "Income" account as a fixed charge.

*Answer.* That portion of the charge which represents interest on valuation should be handled through the appropriate rent account under "Income."

#### CASE 274.

*Query.* In connection with the subaccount "Icing and Watering Cars," under "Train Supplies and Expenses," referring to the item "Also cost of refrigeration when borne by the carrier,"

this company has considerable revenue from refrigeration charges which are collected in addition to the regular freight rates. No specific mention of this is made in the classification of revenues, but as the Classification of Operating Expenses contemplates charging to "Train Supplies and Expenses" bills of other companies for refrigeration, it occurs to me that it would be proper to credit our bills and advance charges to the same account, notwithstanding there is a profit in the business.

What disposition should be made in regard to this matter?

*Answer.* Should be charged or credited to "Train Supplies and Expenses."

#### CASE 275.

*Query.* What disposition should be made of bills for operating interlocking plants at crossings?

*Answer.* Cost of operation of interlocking plants at railroad crossings used jointly to carriers other than the operating carrier should be handled through "Joint-facilities" accounts. If located in yards or at terminals charges should be made to the account "Operating Joint Yards and Terminals." If located at points other than in yards or at terminals, charges should be made to the account "Operating Joint Tracks and Facilities." The initial expenditure made by the operating carrier should be charged to its appropriate primary accounts (other than for "Joint-facilities") in operating expenses and the proportions thereof billed against other carriers should be credited to the appropriate "Joint-facilities" accounts. See Supplement to the Third Revised Issue of the Classification of Operating Expenses, for amended text of the latter account. (*See Case 117.*)

#### CASE 276.

In numerous instances agents can not collect amounts charged to them by audit office corrections against freight waybills. The partial provision in the text under "Freight Revenue" accounts does not seem to fully cover all the circumstances of these cases. The same question presents itself where agents are overcharged on basis of rates, weights or classification in one year. The suggestion is made that the amounts of which agents are relieved under such circumstances should be set up in an open account on the audit office ledger in such manner that they may be fully and readily analyzed at any time; and that such account should be closed at the end of each year directly into "Income" account.

*Answer.* All uncollectible undercharges in carrier's proportion of "Freight Revenue" growing out of corrections on waybills should be charged to Account No. 1, "Freight Revenue," in compliance with the Classification of Operating Revenues promulgated by the Interstate Commerce Commission, and other uncollectible items on account of corrections on waybills should be charged to "Other Expenses" under "Transportation Expenses."

#### CASE 277.

*Query.* At various junctions on our line we own, maintain, and operate stations, paying total expenses in maintaining and operating such stations, rendering bills against other carriers for their proportion of cost incurred to maintain and operate such stations. Should we charge entire expenses incurred in maintaining and operating these stations to "Joint Tracks, Yards, and Other Facilities," under "Maintenance and Operation," or charge proportion of amount accruing against other carriers to "Joint Facilities" and the balance of costs, borne by us, to the detailed primary accounts outside of "Joint-facilities" accounts?

*Answer.* Original costs for operating joint facilities should be entered in the various primary accounts of the operating company's operating expenses, and amounts billed against other companies should be credited through the "Joint-facilities" accounts. (See Case 193.)

#### CASE 278.

*Query.* Where stations, interlockers, water stations, etc., are owned jointly by our company with other companies, should the cost of operation be charged to the various operating expense accounts or should it be treated as "Joint-facilities" accounts?

*Answer.* Should be charged to the various operating expense accounts of the operating carrier and the proportion billed against other carriers credited to the appropriate "Joint-facilities" accounts; other carriers debiting like "Joint-facilities" accounts.

#### CASE 279.

*Query.* To what account should the revenue on a shipment lost or destroyed in transit at a given point be charged, and what account should be charged with the unearned revenue beyond the point where the shipment was lost or destroyed?

*Answer.* The revenue of the road on which the loss occurs should be charged to Revenue Account No. 1, "Freight Revenue."



The amount paid to other companies for their proportion of freight charges accruing thereon should be made a charge to "Loss and Damage—Freight."

#### CASE 280.

*Query.* The A B Railway Company leases extensive terminals at F, from the X Y Steamship Company, and sublets certain wharf property to the C D Transportation Company. The property used by the C D Transportation Company was included in that leased to the A B Railway Company for the reason that the C D Company was a connection of the A B Company and its interests were closer allied to those of the A B Company than to the X Y Steamship Company, with which it interchanged no traffic. In fixing upon the amount of the rent, rental value of other property was considered, and to this was added the rent received by the X Y Steamship Company from the C D Transportation Company. For example, the value of other property to the A B Railway Company was, say, \$80,000 per year. The C D Company paid the X Y Company \$18,000 per year, and this was added to the \$80,000, making the rent paid by the A B Railway Company for the entire property \$98,000. In view of the manner of construction of the rent named in the lease, we are crediting the rent received from the C D Transportation Company, less the cost of maintenance of the property, against the rent paid to the X Y Steamship Company. Inasmuch as the rent paid is an income matter, I think that the rent received is also an income matter after reimbursing operating expenses. Is this correct?

*Answer.* It is correctly handled.

#### CASE 281.

*Query.* The revised issue of rules of the Master Car Builders' Association, under rules 40 and 106, covers the charges to be made for the cost of removing advertisements tacked or pasted upon cars. Should this actual expense be charged to "Train Supplies and Expenses" or to "Freight-Train Cars—Repairs," and should the bills for performing the service be credited to "Train Supplies and Expenses" or "Freight-Train Cars—Repairs"?

*Answer.* Charge or credit "Train Supplies and Expenses."

## CASE 282.

*Query.* A railroad company sends out a switch engine and crew to pick up lumber lost off a freight train belonging to another company. To what account should the wages of the crew be charged and use of engine, and what accounts credited?

*Answer.* Should be charged to company responsible and credited to operating expense accounts originally charged. The rent of engine should be credited to account, "Hire of Equipment."

## CASE 283.

*Query.* To what operating account should be charged the proportion of joint operation of interlockers at crossings? For example, at a point on our line another company pays the entire cost of maintaining and operating an interlocker and bills on our company for a proportion of the expense. There are no yards or other facilities.

*Answer.* Costs of operation of interlocking plants at such railroad crossings used jointly should be handled through "Joint-facilities" account "Operating Joint Tracks and Facilities."

*See Supplement, effective on July 1, 1908, to the Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

## CASE 284.

*Query.* We have inaugurated between A and C in connection with another line of road, designated the second party, a through passenger-train service operated over our line of road from A to B (being intermediate between A and C), and operated over the line of the second party from B to C, our company paying all expenses, billing the second party each month for their proportion based on train mileage; crediting the account "Operating Joint Yards and Terminals—Cr." Is this correct?

*Answer.* No; this is not a joint facility and should not be handled through the "Joint-facilities" accounts.

## CASE 285.

*Query.* Under an agreement between the A B Railroad Company and the Y Z Railroad Company, executed before this company began operations, this company handled traffic for the A B Company, in A B cars, between certain points on this road and the

junction with the A B Railroad Company. The revenue on such traffic is entirely absorbed by the A B Company. The tracks over which this traffic is handled are owned, leased, operated, and maintained by this company. Monthly bills are rendered against the A B Railroad Company based on the cost of operation and maintenance (including taxes, etc.), as the number of cars, empty and loaded, handled for the A B Company bears to the whole number of cars, empty and loaded, handled over the tracks as prescribed in the agreement. What accounts should be credited with the amounts of such bills?

*Answer.* 1. Maintenance charges should be handled through "Maintaining Joint Tracks, Yards, and Other Facilities—Cr."

2. Operating charges should be handled through "Operating Joint Tracks and Facilities—Cr." (for tracks), and "Operating Joint Yards and Terminals—Cr." (for terminals).

3. Administration charges should be handled through "General Administration Joint Tracks, Yards, and Other Facilities—Cr."

4. Charges representing interest on valuation and taxes should be handled through the appropriate rent account under "Income."

#### CASE 286.

*Query.* Passenger trains, including crews, owned by this company, operating under through schedules, run over about nine miles of tracks, owned and maintained by the A B Railroad Company. The entire expense of the crew is paid for by this company. The entire earnings of the train while on the A B Railroad tracks are absorbed by the A B Railroad Company. This company bills against the A B Railroad Company for a proportion of actual expense of the train and crew, based on the mileage while on this company's tracks, against the mileage while on the A B Railroad tracks. What accounts should be credited with the amounts of bills so rendered?

*Answer.* Not a joint facility; credit appropriate primary accounts under "Transportation Expenses."

#### CASE 287.

*Query.* To what account should be charged a railway's proportion of expenses of an association to protect the various railroads in litigation regarding patents upon mercantile devices used in the operation of locomotives or cars, the expenses of which

are borne in proportion to the gross earnings of the companies composing the associations?

*Answer.* "Law Expenses" under "General Expenses."

#### CASE 288.

*Query.* To what account should be charged rents paid to other companies for use of their stalls for housing our locomotives?

*Answer.* To "Enginehouse Expenses—Yard" or "Enginehouse Expenses—Road," as the case may be.

#### CASE 289.

*Query.* We pay the Y Z Company a specified amount per month for the use of a portion of their yards and tracks, and for another portion on the basis of the number of cars handled over such tracks. We pay all the expenses of maintaining the tracks, but they pay the taxes. Since the amount paid the Y Z Company is for rent, should not the same be debited by us to "Miscellaneous Income—Rent of Property"?

*Answer.* Charge to appropriate rent account under "Income."

#### CASE 290.

*Query.* We collect from the X Y Company for use of tracks at G a monthly rent. This track is used by the X Y Company for an outlet for their freight trains through our yard at G. To what account should this rent be credited?

*Answer.* Should be handled through the appropriate "Joint-facilities" accounts in "Operating Expenses" and "Income." That portion of the charge which represents interest on valuation and taxes should be credited to Rents in "Income" and that which is for maintenance and operation to the appropriate "Joint-facilities" accounts in "Operating Expenses." (See Case 272.)

#### CASE 291.

*Query.* We collect from a certain Union Station Company for rent of tracks in G from and to certain streets, same being about 600 feet in length, a monthly rent. This track is used by lines entering the Union Station at G. To what account should this rent be credited?

*Answer.* See Case 290.

## CASE 292.

*Query.* We collect from a Union Station Company for rent of land in G a monthly rent, said land being covered by a part of the structure of the Union Station Terminal at G. To what account should this rent be credited?

*Answer.* To the appropriate rent account under "Income."

## CASE 293.

*Query.* We collect from a party for rent of side track an annual rent. To what account should this rent be credited?

*Answer.* The inquiry implies that this side track is rented by a private individual, not a carrier, in which case the rent should be credited to Revenue Account No. 18, "Rents of Buildings and Other Property."

## CASE 294.

*Query.* We pay to the A B Railway Company for rent of G terminal tracks a monthly rent, said track being used for transferring freight to the A B Railway Company in G. To what account should this amount be charged?

*Answer.* Should be handled through the appropriate "Joint-facilities" accounts in "Operating Expenses" and "Income." That portion representing interest on valuation and taxes should be charged to Rents in "Income" account and that which is for maintenance and operation to the appropriate "Joint-facilities" accounts in "Operating Expenses." (See Case 272.)

## CASE 295.

*Query.* We pay to the X Y Railway Company for rent of 4 miles of main-line track at F a monthly rent, said track being used jointly by the X Y Company and our company on freight and passenger business in and out of F. The expense of maintaining said track is paid by the X Y Railway Company. To what account should this amount be charged?

*Answer.* 1. Maintenance expense should be charged to "Maintaining Joint Tracks, Yards, and Other Facilities—Dr."

2. Operation expense should be charged to "Operating Joint Tracks and Facilities—Dr."

3. Administration expense should be charged to "General Administration Joint Tracks, Yards, and Other Facilities—Dr."

4. Charges representing interest on valuation and taxes should be charged to Rents in "Income" account.

It is assumed in the answer that there is no yard expense in connection with the traffic in and out of F.

#### CASE 296.

*Query.* At various terminals on our railroad we rent to outside parties certain lands and buildings that have no connection with the operations of the road. To what account should these be credited?

*Answer.* To appropriate rent account under "Income."

#### CASE 297.

(Answer not finally approved. See *Accounting Series Circular No. 12b.*)

#### CASE 298.

*Query.* What account should be charged with payments made to detective agencies for special services to railroad companies?

*Answer.* Payments for detecting thieves are provided for under "Loss and Damage—Freight," but all detective service is not of this nature. The nature of the service should determine the charge and its disposition should be to the account to which it is analogous.

#### CASE 299.

*Query.* Through what account should collections and refunds on account of switch keys be carried?

*Answer.* The classification is revised, effective on July 1, 1908, so that "Switch Keys" may be charged to "Roadway Tools and Supplies," "Station Supplies and Expenses," "Yard Supplies and Expenses," "Other Supplies for Yard Locomotives," "Other Supplies for Road Locomotives," and "Train Supplies and Expenses," instead of to "Other Track Material," as formerly provided for.

See *Supplement, effective on July 1, 1908, to the Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

## CASE 300.

*Query.* I do not find that the Classification of Operating Expenses provides for payments to elevator companies for transferring grain, en route, from one car to another. We have charged this expense in our accounts to "Station Supplies and Expenses," as this account, in my opinion, should include this expense. Is the disposition of the matter as suggested above proper?

*Answer.* Should be charged to "Station Employees."

## CASE 301.

*Query.* The railroad companies who are members of a railway clearing house, the purpose of which is to secure the proper distribution and use of freight-car equipment, are charged with expenses in connection with that association. To what accounts should these payments be charged by the railroad companies?

*Answer.* To "Weighing and Car-Service Associations."

## CASE 302.

*Query.* This company keeps a separate or independent fund from which pensions are disbursed. A certain amount per month, making an annual total twelve times as great, is appropriated through the income account and credited directly to an open account, which is closed annually when the amount is paid over. The pension fund is invested in interest-bearing securities. Whenever pensions are paid the amounts are debited to an open account and about every quarter collected from the trustee of the fund. There are no expenses for administration or otherwise in connection therewith. Does the account "General Expenses—Pensions" apply?

*Answer.* Amounts paid as pensions are chargeable to "General Expenses—Pensions." (See Case 208.)

## CASE 303.

*Query.* At a certain point the A B Railroad crosses the Y Z Terminal Transfer Railroad, and neither company makes joint use of the other company's tracks. The A B Company maintains and operates the interlocker and bills the other company for one-half of the expense. The Y Z Company has taken the stand on this matter and many other similar crossings that the interlocker

expense was not a joint-facility item between their company and the railroad that it crosses, but that it should be treated as though each company had its own set of employees and devices for protecting the crossing. It has been considered further by the Y Z Company that their proportion of the expense of such interlockers was a joint-facility item only as between their company and its tenants. What ruling should apply?

*Answer.* See Case 272.

#### CASE 304.

*Query.* We recently paid a personal injury claim brought on account of defective highway within the location lines of this company. The parties to whom amount of this claim was paid were not employees of this company, nor passengers; neither were they engaged in any work in connection with the railroad. To what account should be charged the amount so paid?

*Answer.* To "Injuries to Persons," under "Maintenance of Way and Structures."

#### CASE 305.

*Query.* A railroad pays a municipal corporation a fixed amount per annum, which covers fire protection, which consists of the corporation laying water pipes and placing fixtures and supplying water pressure at all times. Should this be charged to "Buildings, Fixtures, etc.," or not?

*Answer.* Should be charged to "Buildings, Fixtures, and Grounds," under "Maintenance of Way and Structures," if in connection with buildings alone. If for protection of other property, should be charged to appropriate maintenance accounts according to nature of property protected.

#### CASE 306.

*Query.* We rent a certain piece of land and build upon it our own depot. To what account should the rent be charged?

*Answer.* To appropriate rent account under "Income."

#### CASE 307.

*Query.* We have leased a certain tract of land to prevent a street from crossing our track at grade, this property not being used for any purpose except a side track on same and used as a blind. To what account should the rent be charged?

*Answer.* To appropriate rent account under "Income."



## CASE 308.

*Query.* The A & B road is joint owner with the C & D road of a side track jointly used, and the maintenance is borne by the two companies in the ratio of ownership. Each company takes up in its primary accounts its share of the maintenance charges on the theory that in reality such proportions are respectively merely the maintenance of the property of each. The A & B road for convenience pays the full cost of maintenance, charges its primary accounts, and credits the C & D proportion when billed out to the same accounts. Is this correct?

*Answer.* No. Should be treated as a joint facility. The A & B road should charge its primary accounts with full cost of maintenance and should credit the proportion billed against the C & D road to "Maintaining Joint Tracks, Yards, and other Facilities—Cr." The C & D road in paying these bills should charge "Maintaining Joint Tracks, Yards and Other Facilities—Dr." The question of ownership should not bear upon the proper disposition of accounts for jointly used properties. The fact of such joint use should determine their treatment in the accounts as Joint Facilities. The road maintaining and operating should be the one to charge the full cost of such work to its primary accounts.

## CASE 309.

It is recommended that an account "Injuries to Persons" be provided under the Classification of Road and Equipment Accounts, which account shall include the expenses incident to the construction of a new line which may properly be classed under this account.

*Answer.* Such an account is raised.

*See Supplement, effective on July 1, 1908, to Classification of Expenditures for Road and Equipment, First Revised Issue.*

## CASE 310.

It seems to us that if it is correct and practicable (and we think so) to charge witness fees to the various accounts covering damage to property, it is equally so in the case of personal injuries, and that witness fees in connection with personal injury suits should be charged to the various personal injury accounts, rather than to "Law Expenses."

*Answer.* Payments to and expenses of employees and others engaged as witnesses in personal injury cases should be charged to the "Injuries to Persons" accounts under the proper general accounts and the texts under the several "Injuries to Persons" accounts are amplified in accordance with the foregoing.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 311.

It appears no provision has been made in the present Classification to take care of maintenance of machinery in bridges and building departments—carpenter shops.

*Answer.* The text of "Maintenance of Equipment" account "Shop Machinery and Tools" is so amplified as to provide for the maintenance of machinery in shops of the bridges and buildings department so as to include all machinery tools.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 312.

The question is raised regarding the expenses of joint interlockers located at outlying points, and on stretches of joint tracks.

*Answer.* See case 272.

*See Supplement, effective on July 1, 1908, to Classification of Operating Expenses for Steam Roads, Third Revised Issue.*

#### CASE 313.

What account should be charged with the expense of draping stations along the line of the road? This expense has been charged to "General Expenses—Other Expenses," as we do not believe that "Transportation Expenses—Station Supplies and Expenses," is proper.

*Answer.* To "Other Expenses—General Expenses."